The NATIONAL UNDERWRITER

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63rd Year, No. 19

Big Crowd For N.Y. Convention; Act On Number Of Issues

Favor Cal. Plan, Vote Study Of Continuous Policies; Elect Blum President

By KENNETH O. FORCE

SYRACUSE—Almost 800 attended the annual convention here of New York State Assn. of Insurance Agents. It was one of the largest crowds in the association's history. An unusually large number, 600 odd, registered for the sessions but not for the dinner and banquet. This may reflect agent reaction to the period of commission adjustment but it certainly was a tribute to a stimulating program which Herbert S. Brewer of Lockport, outgoing president, kept moving at a brisk pace.

Arthur F. Blum of Queens is the new president, Robert B. Douglass of Potsdam executive vice-president, Raymond A. Muth of Newark treasurer, and Craig Thorn Jr. of Hudson state national director. John J. Jordan continues as executive secretary and Mrs. Eleanor Foelker office manager.

Elect Regional Vice-Presidents

The regional vice-presidents are George A. Kramer Jr. of Williston Park, metropolitan-suburban; Sidney Mang of Sidney, east-north; and W. Everett Meadex of Bath, west-central. New directors are J. Fred Waldron of New Rochelle, W. Joseph McPhillips of Glens Falls, Arthur H. Parker of Cape Vincent, Howard Curtis of Corning, and DeBanks M. Henward of Syracuse.

New member of the executive committee is Philip J. Sweeney of Lavonia.

The atmosphere at the convention was one of a willingness to tackle agent problems realistically. For ex-

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Government Threat To A&S Business Dominates HIA Meet

By WILLIAM MACFARLANE

PHILADELPHIA—If any one subject could be said to dominate this year's annual meeting of Health Insurance Assn. here this week, it would have to be the threat of the federal government stepping into the A&S business, with the Forand bill, or one similar to it, as an admission ticket. Speakers close to the field of health insurance, panelists, guest speakers

OFFICERS ELECTED

President: V. J. Skutt, president and chairman of Mutual of Omaha.

Vice-president: Millard M. Bartels, chairman of insurance executive committee of Travelers.

Secretary (reelected): Dutton Stahl, president and secretary of Iowa State Traveling Men's.

Chairman of the public relations committee: Leslie P. Hemry, senior vice-president of American Mutual Liability.

New directors are Henry S. Beers, president of Aetna Life; Ardell T. Everett, 2nd vice-president of Prudential; J. W. Joanis, vice-president and general counsel of Hardware Mutual Casualty; J. C. Higdon, president of Business Men's Assurance; and William R. Shands, vice-president and general counsel of Life of Virginia.

from outside the industry, and individual HIA members who spoke only for themselves—each voiced the general concern over what the legislation could mean for the business and how it could be blocked in the little time left to the association and its members.

HIA President Travis T. Wallace, Great American Reserve, in his address keynoted the general awareness of the problem when, after a review of what the industry could do to improve coverage for the over-65 group, said, "one of three things must hap-

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390 Register For Zone Five Meeting Of NAIC In Ark.

HOT SPRINGS, ARK.—Joe B. Hunt of Oklahoma was elected chairman of Zone Five of National Assn. of Insurance Commissioners here as the eight-state regional group completed its three-day 1959 convention. He succeeds Harvey Combs of Arkansas. Zone Five is composed of Arkansas, Colorado, Kansas, Nebraska, New Mexico, Oklahoma, Texas, and Wyoming.

A large attendance of 390 registrants was attracted to the gathering at which the commissioners and their staffs heard a program covering future trends in life insurance and chances of survival of state supervision, a new approach to physical damage automobile insurance, and the impact of the Supreme Court's decision in the variable annuity case. The rating staffs put in a full day in a closed conference, ex-

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New Wis. Commissioner

Charles L. Manson, 60, Wausau agent, has been appointed Wisconsin insurance commissioner. He will take office June 1 succeeding Paul J. Rogan. Mr. Rogan has announced his intention to retire from politics, but he is mentioned in some circles as the best bet for the next Republican gubernatorial candidate.

Mr. Manson is president of the J. N. Manson agency of Wausau, one of the prominent agencies of the city. His brother, Stewart, is Wisconsin state agent of Springfield F.&M.

Production Cost Committee Reports Findings, Actions

Bureau Members Lose Only 1.6% of Auto Market; Battles, Woodbury Formula Unproved

PHOENIX—One report in which there was much interest at the midyear meeting here of National Assn. of Insurance Agents was the report by John P. Wilson Jr. of Mobile on the activities of the special committee on production cost allowances.

Among other things, Mr. Wilson said, NAIA has demonstrated that bureau companies have lost a good deal less of the automobile market than has been advertised. However, so far the NAIA actuary has been unable to prove the committee's contention, based on the so-called Battles-Woodbury formula, that the difference in rates between direct writers and bureau companies is accounted for by losses and not commissions.

The committee is watching closely the California agents' suit against the companies, Mr. Wilson indicated. Also, the committee prefers the aggregate expense type of filing used in homeowners to the production cost allowance filings of the auto rating bureaus—through it approves neither.

The committee has not come up with any panacea, Mr. Wilson said. However, it has assembled some facts, "based on reasonable premises, which agents can use in arguing the matter

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AEC Names NAIIA To Handle Claims From Atomic Hazard

HOUSTON—The Atomic Energy Commission has designated National Assn. of Independent Insurance Adjusters as the official organization to handle all claims which may arise in connection with atomic fallout and other hazards in connection with peacetime atomic testing and other activity over which the commission has jurisdiction.

The announcement was made here as the annual meeting of the independent insurance adjusters convened at the Shamrock Hotel. A letter contract was signed by National Assn. of Independent Insurance Adjusters with the AEC on April 28. Formal arrangements will be made promptly.

Cal. Safe Driver Auto Plan Is Modified As It Goes Into Effect

As the National Bureau safe driver plan went into effect in California May 1, announcement was made of two modifications in line with the desire of producers. The assignment of a penalty point for an accident will be waived if the applicant presents motor vehicle records demonstrating that the other driver was convicted of a moving violation in connection with the accident while the operator from the applicant's household was not convicted of such violation. Also, the effect of having a new driver in the family has been substantially modified.

The rule changes both favor the in-

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Four past presidents of New York State Assn. of Insurance Agents: From the left, Joseph A. Neumann of Jamaica, who is past president of NAIA and current chairman of its advertising committee; Craig Thorn Jr. of Hudson, who became the new state national director for New York at the annual convention in Syracuse this week; Herbert S. Brewer of Lockport, who turned over the gavel of the presidency to Arthur F. Blum of Queens at the Syracuse meeting, and Arthur M. Schwab of Staten Island, retiring state national director. The picture was taken at Phoenix, where the four were attending the midyear meeting of NAIA.

1959 Argus Chart Details Striking Gains In Fire Lines

$1 Billion Increase In Surplus For The 746 Insurers Reported On

The improvement in 1958 results of fire and casualty companies in both underwriting and investments is clearly pointed out in the tabulation of figures of 746 companies of all kinds writing fire lines, in the 1959 Argus Fire Chart. These companies report a gain from underwriting in 1958 of $84,399,541 as compared with a loss of $135,627,740 in 1957. They also report an increase in surplus of $1,187,509,167 contrasted with a loss in 1957 of $483,686,159. For individual companies as well as groups of affiliated companies the Argus Chart further elaborates investment results by giving the net investment income and realized capital gains for 1958.

Net premiums written by the 746 companies increased 3% to $4,618,273,321. Premiums earned increased proportionately to a total of $4,543,993,506. Losses and loss adjustment expenses incurred dropped slightly to $2,691,150,920 from $2,710,118,659 to produce a loss ratio of 59.2 compared with 62.2 a year ago. Underwriting expenses incurred increased $45,375,007 to a total of $1,827,639,889 to produce an expense ratio of 39.6. The 1957 expense ratio was 39.8. This produces a combined loss and expense ratio of 98.8 compared with 102.0 a year ago. Dividends to policyholders were $84,339,541.

Stock Companies

Included in the above results are 411 stock companies whose figures will very closely parallel the over-all figures except that the loss and expense

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Middendorf Sees Real Future Ahead For Agency Insurers And Their Producers

The following comments were presented at the joint luncheon in Buffalo of Eastern Agents Assn. and Buffalo I-Day by J. W. Middendorf II, insurance stock analyst of the New York Stock Exchange firm of Wood, Struthers & Co.:

As a security analyst following the insurance stocks, one would think it unnecessary to know much more than the earnings and book values of insurer stocks to determine their market values. But it is almost axiomatic with those who follow such stocks that the quality of an insurance company is measured in large part by the quality of its agents and field men. There is a direct correlation between the loss ratio and the quality of a company's agents, and since the loss ratios have such an important bearing on the earnings of the companies, and thus on the prices of their shares, one can understand the concern for the agent's problems.

In reading over the trade journals, I find five major groups coming under fire. They are:

1. Direct writers: They have been described variously as over-aggressive, poor on claims or generally unhealthy to have around.

2. Occasionally under attack are the agents themselves. They are continually being admonished, mainly by their own representatives, to learn hard sell techniques, to cut down on paper [work, stop living high on the hog, etc.

3. Continuously under attack, especially in New York and in Massachusetts, are the commissioners. This group has been described, by the uninitiated, I am sure, as pedantic, political or pathetic.

4. The companies themselves. They have been described as poor bookkeepers; policywriters, yes, but no longer underwriters.

5. Constantly under attack, and perhaps more so than all the others, is the public. The public is described as a group made up of fire bugs, careless drivers who take the wheel only when under the influence of alcohol; they are almost entirely under the age of 25 and live in Brooklyn.

If all five groups were abolished, it would leave only the insurance stock analyst. And, of course, he would be out of business.

How would an outsider see the business who was looking at it for the first time? The following facts would probably emerge:

This is a growth industry of the purest sort. It moves directly with population trends and with the increase in insurable values. In fact, it is the very foundation of all credit in this country and the very protection of wealth and security. To substantiate this fact, compare the growth in fire and casualty premiums with the gross national product. The postwar period might be the best example.

Automobile Predominant

Looking at the business for the first time, the observer might conclude that this was primarily an automobile insurance business with a lot of other lines tossed in. Automobile lines last year must have approached $5 billion, which is almost $1 billion more than the entire industry wrote in all lines in 1946. That figure for automobile alone, in fact, is double the entire industry volume for all lines in 1941. A generation or two ago this industry was predominantly a fire business. Today automobile is predominant.

It might surprise the fresh onlooker to find that this important national business is regulated by the states and not by the federal government.

The newcomer might be surprised to perceive that not only are underwriting profits cyclical, but they follow a profit cycle seemingly unrelated to business conditions. Business written in 1928-30 ran off with an average loss of 3%. However, business written in 1931-33 ran off with the best profit

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Predicts Agents Will Lose Half Their Auto Business By 1965 Unless They Act Now

Three years ago Lionel S. Frank of Beacon told the Syracuse convention of New York State Assn. of Insurance Agents that under current trends all stock and mutual agents by 1965 would have lost one-half of the automobile market to direct writers. He was asked not to release his talk. In it he said that this result was inevitable unless agency insurers and their producers brought the cost of the product in line with the new, price conscious market, 80% of the population. He showed the trend to supermarkets and away from services. He recommended continuous policies, direct billing, payment in advance, and a five point reduction in commission.

Mr. Frank, in his talk this year at Syracuse, recalled that he was, three years ago, as popular as a skunk at a picnic. Then the agents got to thinking. The chart showed the trend and the facts. Today they are losing the market faster than predicted. Commission cuts have arrived. There has not been one bit of improvement in the companies' antiquated systems.

Mr. Frank observed that the agency companies point with pride to the fact that their acquisition costs (exclusive of commission) is 4½% less than the largest stock direct writer (exclusive of commission). This looks wonderful. But how is it done, he asked. The agents do it. They advertise; write policies, endorsements, rate changes,

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TOTALS

Including ALL COMPANIES whose figures are shown in the Argus Fire Chart, EXCEPT those companies for which reference is made to the Argus Casualty Chart. REINSURANCE companies include only the stock companies doing an exclusively reinsurance business. ACCESSORY LINE TOTALS include fire business of all stock companies in table on pages 132-143.*

			FINANCIAL REPORT				OPERATING REPORT							NET RESULTS		
	Number of Co's.	Year	Assets	Liabilities	Surplus to Policyholders	Net Premiums Written	Premiums Earned	Losses & Loss Exp. Incurred	Underwriting Exp. Incurred	Ratios to Premiums: Losses to Earn	Ratios to Premiums: Exp to Writ	Combined Loss & Exp.	Net Gain from Underwriting	Dividends to Polcyhldrs.	Increase in Surplus
All Companies	746	1958	12,296,017,802	6,038,861,863	6,257,155,939	4,618,273,321	4,543,993,506	2,691,150,920	1,827,639,889	59.2	39.6	98.8	25,202,697	84,399,541	1,187,509,167
(Excluding Factory Mutuals)	757	1957	10,925,768,606	5,692,360,406	5,233,408,200	4,480,966,224	4,356,755,801	2,710,118,659	1,782,264,882	62.2	39.8	102.0	—135,627,740	84,619,080	—483,686,159
Stock Companies	411	1958	10,804,432,509	5,243,493,153	5,560,939,356	3,886,169,591	3,821,663,758	2,305,754,759	1,575,232,663	60.3	40.5	100.8	—59,323,664	10,819,576	1,099,779,912
	423	1957	9,560,096,575	4,942,695,813	4,617,400,762	3,794,163,105	3,681,963,870	2,342,891,845	1,544,184,696	63.6	40.7	104.3	—205,112,671	8,422,622	—484,090,231
Foreign Companies—U. S. Branches	59	1958	782,508,259	458,715,899	323,792,360	326,261,083	326,449,961	206,259,600	136,936,773	63.2	42.0	106.2	—16,746,412	12,427	53,083,286
(Included in Stock Companies)	56	1957	743,163,593	454,420,509	288,743,084	330,798,186	321,726,838	205,322,590	141,133,606	63.8	42.7	106.5	—24,729,358	5,808	—26,901,337
Reinsurance Companies	38	1958	383,138,333	221,683,135	161,455,198	173,725,298	186,059,754	107,101,237	86,129,892	57.6	49.6	107.2	—7,171,375	11,942	31,813,155
(Included in Stock Companies)	37	1957	371,534,533	233,988,140	137,546,393	174,861,328	164,449,463	96,578,595	73,058,887	58.7	41.8	100.5	—5,188,019	8,271	—84,931,991
Mutual Companies	305	1958	1,366,089,527	727,068,475	639,021,052	672,970,416	662,288,898	357,180,437	228,912,928	53.9	34.0	87.9	76,195,533	67,263,748	85,132,900
(Excluding Factory Mutuals)	307	1957	1,251,271,358	688,196,701	563,075,657	635,387,273	623,375,931	344,421,734	218,668,367	55.3	34.4	89.7	60,285,830	70,416,089	—1,257,169
Reciprocal & Lloyds	30	1958	125,495,766	68,300,235	57,195,531	59,133,314	60,040,850	28,215,724	23,494,298	47.0	39.7	86.7	8,330,828	6,316,217	2,596,355
(Fire & Allied Lines only)	27	1957	114,400,673	61,468,892	52,931,781	51,415,846	51,416,000	22,805,080	19,411,819	44.4	37.8	82.2	9,199,101	5,780,369	1,661,241

ACCESSORY LINES IN 1958*

Premiums and Losses of all Stock Companies writing Fire Lines (Figures in thousands—000 omitted)

532 Companies

	Premiums Earned	Losses Incurred	%
Auto Phys. Damage	1,239,921	661,751	53.4
Ocean Marine	191,456	120,323	62.8
Inland Marine	308,025	163,462	53.1
Extended Coverage	507,804	198,807	39.2
Total Accessory Line	2,635,164	1,348,161	51.2
Fire	1,344,621	694,489	51.6
GRAND TOTAL	3,979,785	2,042,650	51.3

	Premiums Earned	Losses Incurred	%
Other Allied Lines	17,974	8,900	49.5
Growing Crops	66,006	34,017	51.5
Aircraft Phys. Damage	20,331	11,542	56.8
Homeowners	204,682	102,402	50.0
Miscellaneous	78,966	46,957	59.5

* These "Accessory Line" figures exclude all casualty business except as included in "Homeowners" and other multiple peril forms and consequently differ from the Stock Company totals in the Operating Report above.

FACTORY MUTUAL FIRE COMPANIES

	1958	1957
Assets	367,171,097	317,208,895
Liabilities	167,452,256	159,592,696
Surplus to Policyholders	199,718,841	157,616,199
Premium Deposits in Force	293,149,236	286,336,504
Losses Incurred	21,666,507	30,080,503

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Cover Much Ground At Phoenix Midyear Parley Of NAIA Directors

PHOENIX—The agenda of National Board of State Directors of National Assn. of Insurance Agents for its midyear meeting here reflected the number of serious problems faced by multiple company agents. The debate on the advertising program for 1960 was vigorous. The debate on the Senate bill to divorce auto manufacturing from financing and insurance was vigorous and acrimonious.

Among the facts brought out at the meeting were that membership now stands at 34,021; Multi-Peril Insurance Conference is completely revising the commercial property policy; the Iowa and New York agency cost studies have been completed and Ohio started; a proposal for a new sales course for use by local boards in developing new members and interesting present members is being considered.

One In, One Out

There were solid reports by committees, including one on production cost allowances by John P. Wilson Jr. of Mobile, which is reported elsewhere in this issue. The new executive secretary, William A. Pollard, and his wife were on hand for the first time. President Archie M. Slawsby announced that George R. Cross of the headquarters staff is leaving to join Great American.

Whatever the seriousness of the problems discussed, the conversation at least took place in warm, bright sunshine. Arrangements were excellent, with Frank P. Middleton and his committee ably assisted by John R. Long, executive secretary of the Phoenix association, and Ce Ce Weinmann of the Arizona association.

The entertainment, including an almost continuous coffee bar, the cocktail party, and the music at the banquet, were supplied by Continental-National, with Marshall B. Simms as chief host.

Producers Fire & Casualty of Mesa, Ariz., a new company, maintained headquarters. W. R. Snyder, executive vice-president, who began his insurance career in the midwest, was managing host. No other headquarters' suites except those of state associations and the NAIA were discoverable.

Association secretary-managers met Sunday. Because quite a number of states are having annual meetings at this time of year, the attendance was small. Represented were California, Colorado, Connecticut, Massachusetts, Mississippi, Nebraska, New Jersey, New Mexico, Oregon, Rhode Island, South Carolina, Texas and Washington.

The managers discussed the desirability of holding a two day clinic just prior to the annual NAIA meeting on ways of improving services to members. This would cover such items as how to prepare for and efficiently handle conventions, how to improve internal procedures, more skillful preparation of publications in layout, contents and readership, how to deal with legislation, and maintaining liaison with insurance departments.

In addition, the managers went over the problem posed by change in the acquisition cost factor, not as to what they should do about it but how to learn what is being done in other

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Program Ready For Educators' Parley

The program has been completed for the annual conference in Skytop, Pa., May 12-14 of Insurance Company Education Directors Society. The theme of the meeting is sales training, sales psychology, and changes in the business.

With James W. Hutchison of Home as chairman, the Wednesday session will have Jack Lewis and Molly Pearson of the Lewis-Pearson Organization, Philadelphia, discussing attitude and personality development. A panel will review the Lewis-Pearson presentation. Panelists will be Henry F. Alderfer of Combined of America, William L. Davis of America Fore Loyalty, and Acis Jenkinson of North America.

In the afternoon five concurrent workshops on training will be conducted. The one on agency training will be led by Edward W. Brouder of Hartford Accident and Arthur C. Holmes of U.S.F.&G., the one on underwriting by Harold Marsolf of American Fire & Casualty and J. Wesley Nelson of Zurich American, that on loss and claim by Robert L. Lusk of Mutual Loss Research Bureau and Mutual Insurance Institute, training trainees by Chester W. Higgins of American Mutual Liability and Laverne M. Donaldson of Standard Accident, and decentralization of training by Robert C. Burke of Royal Indemnity and Arthur L. Brown of Allstate.

To Discuss Multiple Line Sales

Lorin K. Schoephoerster of Nationwide Mutual is chairman of the Thursday session. In the morning a panel headed by Dr. John S. Bickley of Ohio State University will discuss multiple line sales psychology. Richard A. Fear, vice-president of Psychological Corp., New York, will talk about tools for evaluating and appraising men.

Fred J. Wells of Crum & Forster, who is chairman of the membership committee of the society, will moderate a session Thursday afternoon on "Guiding Self Development." Dr. Edwin Overman of American Institute, Dr. Thomas Luck of American Society, and William O. Cummings of Life Insurance Agency Management Assn. will discuss this topic.

Prof. Carl L. Strong of Michigan State University and Arthur L. Brown of Allstate will demonstrate and discuss audio-visual aids. Herman J. Keck of Fireman's Fund will preside over the Friday session. In addition to workshop summaries, Gene Flack, director of advertising of Sunshine Biscuit Co., will give his talk, "Dynamite."

New Version Of Crop Failure Cover Is Offered

Stock companies belonging to Crop Hail Insurance Actuarial Assn. are offering a new version of their coverage against crop failure. Similar to the government's all-risk crop insurance, it insures a farmer's crop against drought, flood, insects, plant disease, and many other perils.

The improved coverage is available in five midwest states: Illinois, Indiana, Iowa, Minnesota and Ohio.

Crop failure insurance is written as an endorsement to the standard crop-hail policy. Contrary to the crop-hail coverage which may insure loss from hail and fire in full, crop failure insurance is designed to give disaster protection at a low premium. Consequently, a grower must lose a sizeable portion of his normal crop before he is eligible to receive payment.

For instance, in Woodford County, Ill., farmers in certain sections will start to collect when the average corn yield for their farms falls below 40 bushels per acre. For $3,000 of crop failure insurance on corn for a 200 acre farm in Illinois, the premium is $60 or 30 cents an acre.

Crop failure coverage will be written through local agents, but will be available in only 78 counties in the five states. Even within these counties certain sections have been ruled ineligible.

Elect Smith President Of Farmers Underwriters Assn.

James M. Smith has been elected president of Farmers Underwriters Assn., attorney-in-fact of Farmers Exchange.

Mr. Smith has been executive vice-president of Farmers group since 1953. Before that he was vice-president in charge of the northwest regional office at Portland. He has been with Farmers group for 29 years.

N. J. Eyes Cal. Auto Plan

A measure proposing that Commissioner Howell be directed to study the question of automobile merit rating has been introduced in the New Jersey legislature. The new California plan was cited in the proposal as a means of promoting highway safety.

Harold E. Seaman, executive vice-president and manager, has been elected president of **United Mutual of Fort Wayne** to succeed L. H. Dunten.

Chicago I-Day Provides Producers Answers To Many Problems Agency System Must Meet

By **WILLIAM H. FALTYSEK**

Chicago Insurance Day more than lived up to its promise of quality educational fare, and, in addition to the full agenda of top speakers representing many phases of the insurance industry, there were special guest speakers at both the luncheon and banquet—Bill Veeck of the Chicago White Sox at the former and George V. Whitford, vice-president Reliance, at the latter.

The morning session, under the chairmanship of Henry Gund, president A. F. Shaw & Co., got under way with a talk by Clarence R. Rauter, assistant manager Multi-Peril Insurance Conference, who gave background information and the philosophy behind the new homeowners cover. He said while the new program has not yet been approved in Illinois, it is moving very well through the midwestern states. For those states that have adopted the program, Mr. Rauter said, the conference advises them to drop the old HO and CDP when the new program is put in. He added that in essence the new program is a compromise between the old HO and CDP, one of its advantages being ease of handling and degree of flexibility.

The speaker discussed the various rules for the new cover and said its importance is that basically whatever was able to be done on a specific line can now be done under the new program by means of endorsement. The fact that the package policy is geared to the average insured within a class gives it a great deal of latitude, he said.

Mr. Rauter went into considerable detail on eligibility of tenants and said that the new form may be written for a family dwelling or an apartment and would include mixed residence, mercantile, and a number of other buildings not rated on the old dwelling schedule. Also, the compromise on the three and four family dwelling now allows package treatment to all of the basic exposures except the building itself. This can be handled by endorsement. He emphasized that in dwelling eligibility for an office or business exposure that there is no such thing as endorsing out business property exposure of business liability.

Another of the eligibility rules dealt with was farm dwellings. Here there is no eligibility if the dwelling is rated according to fire rule as a farm, or if farm forms must be used. Also, to be eligible, the farming operation, if any, must be incidental to occupancy and not the main pursuit of the insured.

Under the new cover the two-family dwelling under joint ownership has now been more of less standardized, Mr. Rauter declared. Another departure is seasonal property. This may now be covered in many cases not possible previously. As long as this type meets the general rules it is now eligible.

As to deductibles, another departure is on wind damage. This was previously on a per item basis and removable by item charge. Now it is on an occurrence basis and removed by a single charge.

Mr. Rauter also detailed a number of other items of the new form, including earthquake damage, physicians, surgeons and doctors outside theft, residence glass, and secondary locations. On the last point he said if there are two within the same state, they can be handled by the use of a secondary endorsement or a second policy but the cover must be identical in both locations.

Clarence R. Conklin of the law firm of Heineke, Conklin & Schraeder, speaking on errors and omissions insurance, particularly in reference to producers, reviewed a number of decisions of the higher courts on the legal responsibility to which producers are subject. He pointed out that brokers, agents, realtors, or anyone acting in a fiduciary capacity are definitely in need of errors and omissions cover and stressed that if a policy is defective in any way and invalid, and the company refuses to pay the claim, the injured party can definitely sue the agent or producer, and very often the producer is liable.

One of the cases he listed was Johnson vs Illinois Insurance Co., where a judgment in excess of $9,000 was levied against a broker because of a wrong address given on a

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Kroll Enters Bidding For Anchor Casualty

Ins. Corp. of America, headed by Mark H. Kroll, has entered the bidding for control of Anchor Casualty of St. Paul with an offer of $40 a share for all of the common and preferred stock. There are 110,000 shares of common and 20,000 shares of preferred.

The Kroll offer expires the afternoon of May 30 and is predicated on acceptance by 51% of the stockholders.

At the same time, Agricultural of Watertown is making an offer requiring an 80% acceptance of a stock exchange.

Anchor Casualty had an underwriting loss of $242,000 in 1958, $292,000 in 1957 and $1,277,000 in 1956.

Saginaw Insurance Women Elect

Mrs. Marianne Parent has been elected president of Insurance Women of Saginaw. Other officers are Mrs. Frances Smith, vice-president, Phyllis M. Zumer, secretary, and Donna K. Wuelpern, treasurer.

David N. Chapman In Des Moines As Manager Of National Underwriter

David N. Chapman has been appointed manager at Des Moines of the National Underwriter Co. He will be responsible for business in Iowa and Kansas.

David Chapman

Mr. Chapman joined the National Underwriter Co. in August, 1958, and has completed the company's sales training program. He graduated from Wilmington College in 1951, and after army service was with Minnesota Mining & Manufacturing Co. before joining the National Underwriter Co.

Urges Life Selling By Property Agencies

Donald R. Dittemore, manager of the life, accident and health department of Travelers, discussed life insurance selling by the general agent in a talk before District of Columbia Assn. of Insurance Agents, and pointed out that it was better to lead the parade than to follow it.

There has been a noticeable trend among multiple line insurers to enter the life field, either by forming their own life companies or purchasing established ones, he said. There are at least 59 companies or groups which write all forms of coverage including life.

There are several reasons for this trend, he said. Fire and casualty companies see an opportunity to enter a new field that can considerably increase their sales, with a minimum of difficulty and expense since they already have their own agency force. They feel that they can capitalize to a larger extent on the thousands of dollars they spend on national advertising by being able to say "We sell all kinds of insurance," not "We sell all kinds except life." Also, the stable loss ratio and earnings of the life companies are attractive compared to the volatile loss ratios and earnings of the fire and casualty companies.

Another reason agency fire and casualty companies are moving into the life field is to combat the direct writers, he pointed out. Only by being able to take care of all of insured's needs can the independent agent fully live up to his selling point of providing a very necessary, very useful and very important service. "This is the only way I know of to combat the direct writers," Mr. Dittemore said.

He pointed out that a recent survey of thousands of insured revealed that well over 50% would prefer to buy all their insurance from one agent. For this reason, and to combat the fire and casualty companies who are going into their field, some life companies are entering into the fire and casualty field.

The picture Mr. Dittemore draws of the property agent who doesn't sell life, particularly in the future, shows him in a poor competitive position. He is beset by property agents who are also selling life, life agents who are selling fire and casualty, and the direct writers, many of which also sell both. What then deters the property agents from going into life? Mr. Dittemore feels there are two main reasons: The agent doesn't feel he knows enough about life, or he does not have, or want to expend the time.

Life Selling Not Complicated

As for the first reason, Mr. Dittemore says there is nothing complicated about the fundamentals of life selling. Most life sales are made on a simple, single need, package basis. A man buys a home, he has a mortgage and he is interested in buying mortgage life coverage. Or he has a son and wants to guarantee him a college education. Mr. Dittemore believes he could explain to an agent, in a very short time, the fundamentals of these policies so that he could intelligently talk about them to insured. There are, of course, more complicated cases but if the agent chooses a life company with a simple direct training program and has trained, competent manpower available to assist him in the most complicated cases, he will have no difficulty selling life.

As for the agent who says he doesn't have time to sell life, Mr. Dittemore says any agent who wants to, can find time, because very little time is required. When an agent delivers an automobile policy, it will not take much time to say "I handle all of your other insurance but I don't believe I have ever checked your life insurance." The agent will be surprised at the life volume he can sell by simply mentioning it to every client he sees each day.

Mr. Dittemore then enumerated some factors that the one man fire and casualty agent should consider when selecting a life company to represent. Of primary importance is the kind of help and training the company can provide the agent. The agent should also look for a company that has an active, progressive national advertising campaign.

Company-Agent Conference At County Level Elicits Expense, Underwriting, PR Ideas

The loss of good business because of overpricing, curtailment in market, and the growing breach between agents and companies prompted the Orange County association to sit down with company representatives to discuss means of alleviating the situation, Richard Wallace of Goshen said in his talk at the convention in Syracuse of New York State Assn. of Insurance Agents.

The forum that resulted was so successful that the county group strongly recommended a similar conference at state level. The objective of agents, he said, is to find methods of improving their competitive position and assist companies to cut loss ratios, yet maintain their status as independent agents. Preferred business is in jeopardy, and it is now more urgent than ever to take action, he declared.

Agents discussed with company men underwriting, expenses and public relations.

Desirable Risks Are Agents' Job

The concensus of opinion was that a campaign to educate the public about jury awards, a stiffer law enforcement policy, and strict curtailment of juvenile drivers would be beneficial. The conclusion also was that liability limits rates should be increased. Though present tables may be sufficient to cover the cost of settlements over the basic limits, companies are quicker to buy a release when their policy covers for 100/300 than if limits are 10/20, he said. Perhaps too many high limits are being sold. If high limits cost more, there would be less bought.

Agents must either allow companies a greater voice in the decision as to whom to insure or become better underwriters themselves, Mr. Wallace said. Statistics prove that drivers involved in a number of accidents, even though they are seemingly blameless, are prone to have more accidents. Company representatives emphasized that agents are in a much better position to underwrite than are companies. New business that walks in the door generally is not good business. It is the agent's job to solicit prospects known to him to be desirable risks.

Expenses Great By Comparison

Agents suggested a stricter use of the preferred risk rating plan (indigenous to New York state). Often persons involved in accidents are not surcharged. Companies, though entitled to it, are not using the higher rates available to them. Car owners switch companies and the new company does not apply the surcharge.

Company men said experience on assigned risks is bad. Some study should be given to increasing these rates, the meeting concluded.

The discussion of non-claim expenses developed some interesting comments, Mr. Wallace said. In the past 10 years Allstate has had a loss ratio of 66, yet made an underwriting profit of 5.9%. One of the largest and most successful agency companies did approximately the same volume as Allstate, it had a loss ratio of 60, but its underwriting profit was 1%. The comparison holds for all the agency companies, he said. Consequently, there is a vast area in expenses where costs must be reduced to afford companies a wider area in which to operate profitably.

Too Much Credit Extended

On expenses the forum concluded that:

1. Mailing expense can be reduced by reducing the weight of policies by use of lighter paper and/or renewal certificates; by eliminating waste space on policies; by mailing policy jackets to the agent so he can insert the new policy, and by putting more mail in one envelope—if the saving in postage is sufficient to offset the additional cost of help.

2. The use of standard casualty

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First Quarter Traffic Deaths Increase 5%

National Safety Council estimates that 2,790 persons died in highway mishaps in March as compared with 2,560 fatalities for the same month last year. This is a 9% increase.

March was the third consecutive month to bring an increase after two years of almost unbroken reductions. The March figure brought the total for the first quarter to 8,080—up 5% from last year's first quarter of 7,690.

Disabling injuries in the first three months of 1959 were estimated at 300,000.

"There is no apparent reason for the sudden upsurge in traffic deaths this year except complacency," a council spokesman said.

Expect Decision This Week On Motion To Dismiss Cal. Agents' Suit Vs Insurers

A decision is expected this week from Federal Judge Wollenberg at San Francisco as to whether the suit filed by the California agents over automobile commissions should be dismissed on the grounds that the complaint does not state a claim and that the action has not been brought by the real party at interest. The defendant companies put in this motion, which was argued April 30.

Policy Holders Union of Chicago, the advisory organization for policyholders, has changed its name to Corporate Policyholders Counsel. Headquarters are in the First National Bank Building, Chicago.

Anti-Trust To Eye Ocean Marine, Rating, Starting Next Week

The Senate Anti-Trust Subcommittee investigating insurance will resume hearings on May 12 wih ocean marine as the subject. Mail order may also be considered. On May 26, the subcommittee will turn to consideration of rates and rating organizations.

These two dates are the only ones specified. There has been no indication of the length of hearings on the topics cited.

Howell Is Zone 1 Chairman Of NAIC

Commissioner Howell of New Jersey has been named chairman of the Zone 1 of National Assn. of Insurance Commissioners to fill the unexpired term of former Commissioner Humphreys Of Massachusetts. He was also elected to fill the unexpired term of former Commissioner Bisson of Rhode Island on the federal liaison committee of NAIC.

Home Out Of EAU

Home has given Eastern Underwriters Assn. 90 days notice by letter that it intends to withdraw from membership. The resignation will be effective in July.

St. Louis Pond To Hold Annual Meeting May 11

The annual meeting and initiation of St. Louis Blue Goose, will be held May 11. A fine new flock of goslings will be initiated in the afternoon, followed by a social hour.

Inland Marine, U&O Panels Are Features Of Buffalo I-Day

Most of the 700 registrants at Buffalo I-Day availed themselves of the chance to attend at least one of the four panel discussions.

The panelists on inland marine insurance directed their discussion toward the sales possibilities of the wide range of inland marine forms which are admittedly somewhat overlooked in these days of new package policies and of furor in the auto situation. Under the general heading of "No Limit to the Amount of Money You Can Make," the panel, moderated by Hemler Vervoort, Crum & Forster, president Buffalo Field Club, alerted the audience to the profit possibilities of such coverages as the fine arts, physicians' and surgeons' equipment floater, livestock and farm equipment floaters, church furnishings, electrical signs floaters, and other marine policies, particularly for commercial risks.

The panel was comprised of Francis K. Peterson, vice-president Buffalo; Edward F. Ryder, eastern inland marine manager, St. Paul F.&M., and Preston W. Grant, Washington local agent.

Mr. Ryder pointed out the many potential sources of IM business on any block on Main St. in any town. He suggested the electrical signs policy as a good starting point, and an entree to other policies. As an example of how IM opportunities are being overlooked in the excitement over other policies, he told of a dentist's home that recently burned to the ground with a loss of $150-$200,000 in antiques and fine arts, yet no one had ever approached the man on a fine arts policy, and he merely had an ordinary household goods policy.

Mr. Grant praised the IM policies as something the direct writing competition cannot offer. This isn't to say they won't have them in the future, so Mr. Grant's advice to producers was to establish themselves in these competition-proof lines now.

The panel on "Time Element Coverages," was a cleverly contrived skit acting out the sale and subsequent adjustment of a business interruption policy. Richard F. Kresse, president Greater Buffalo Assn. of Insurance Agents, was moderator and introduced the "actors." David Eslick of Armstron-Roth-Cady played the somewhat cynical prospect and played it as if he had plenty of experience with the type of buyer he was portraying. Alexander Klesty of Gurney, Becker & Bourne was the persuasive local agent who was able to answer each of Mr. Eslick's objections nimbly. The pair went over each step of writing the policy, with emphasis on establishing the amount of gross earnings and how much insurance to write. Agent Klesty tactfully handled Buyer Eslick's objections to revealing figures and made the sale.

Hypothetical Loss Occurs

Then a hypothetical loss occurred, and Bernard Jones, an independent adjuster, played his real life role. Buyer Eslick was cynical about the adjustment to begin with, but Mr. Jones was able to soothe him with logic and a sense of fair play. Step by step he explained to the insured (and the audience) just what continuing expenses were allowed, and which were not, and the reasoning behind each step.

This novel approach to business interruption insurance brought out the sales points in an interesting and forceful manner. The large audience followed each step in the sale as well as the give-and-take in the adjustment, with close attention. It was a well planned and worth while change from the conventional panels, and accomplished a lot in removing the "mystery" of this coverage, and putting it in the light of everyday, non-technical language.

William T. Skurka, secretary Buffalo district of NYFIRO, rounded out the session with a lucid explanation of the new business interruption forms that were effective in New York state March 19. He pointed out that they represent a step toward simplification,

with a single gross earnings form for manufacturing eliminating the old two-item contribution form. The same electives as to continuing payroll are available under the new form that were available under the two-item form. These are effected by two endorsements, the ordinary payroll exclusion endorsement or ordinary payroll limited coverage endorsement. One significant broadening in this form noted by Mr. Skurka is the elimination of the 30 day limitation for stock replacement (making extensions of time, at an extra charge, no longer necessary). Except for editorial changes, the gross earnings form for mercantile and non-manufacturing riders remain essentially as before.

Safety Council Gives Recognition To Five

Four companies and one agency have received National Safety Council's public interest award for exceptional service to safety in 1958. The advertising campaigns of C. W. Clipfel agency of Hartford, Farmers of Los Angeles, Hardware Mutuals, Metropolitan Life and MFA Mutual were cited.

Clipfel agency sponsored radio announcements on safety; Farmers group, newspaper and magazine advertisements, a driver education program and contributed to training of motor vehicle administrators Hardware Mutuals, frequent radio time to traffic safety, distributed handbooks on traffic and boating safety and stressed safety in internal publications.

Metropolitan's contribution included more than 7,000 radio references; distribution of safety booklets and consistent use of safety stories in company publications.

MFA Mutual produced three five-minute TV films for use prior to holiday weekends, sponsored traffic safety commercials on TV and radio and produced an animated traffic safety film.

Premium Financing Plan Is Developed For Banks

Allan C. Stevens, of White Plains, N.Y., who originated the Stevens Auto Plan for effecting insurance on financed automobiles for banks, has developed another plan for financing insurance premium for banks. This is Plan EP, comparable to premium finance plans that have been adopted by insurers and their premium finance affiliates.

The first payment is the same as all future payments. The amount of each payment is determined by adding the interest to the full premium and dividing the total by the number of payments. The plan provides for payments up to 10 monthly and three quarterly for one year policies; up to 30 monthly, 10 quarterly, five semi-annual and three annual for three year policies, and up to 50 monthly, 18 quarterly, nine semi-annual and five annual payments for five year policies.

Weghorn Names Kershaw

John C. Weghorn agency of New York has organized a new surplus department and appointed George A. Kershaw manager. He had previously been with C. V. Starr & Co. of New York, specializing in production and underwriting of marine and surplus business. Prior to that he spent several years in fire and marine work with stock companies in western Pennsylvania.

Extensive Review Of Pros And Cons Of Deductibles Is Presented At Buffalo

BUFFALO—The arguments for and against deductibles were thoroughly reviewed at the panel on the subject which was one of the features of I-Day here. Herbert C. Cox, agent, president of Buffalo chapter of CPCU, was moderator. Panelists were Kenneth K. Lingenmeier, assistant manager at Buffalo of American Surety; Ivor D. Nichols, assistant casualty manager of the Buffalo, and Herbert J. Preve, agent.

Mr. Nichols presented the affirmative case, Mr. Preve rebutted. The former said the business always has used deductibles, for one reason or another. They serve three major purposes, to make coverages available for hazards and perils otherwise uneconomical to insure, to keep premiums down so that the insurance is not priced "out of the market," and to solve the underwriting problems of individual risks or areas of risk.

Mr. Nichols stressed the high proportionate cost of adjusting small losses. The deductible, in addition to eliminating these losses and the adjustment expense, frees the adjuster for more important tasks. A&S, he said, is a good example of a deductible to make a risk insurable. Workmen's compensation has a deductible in the form of a waiting period and in benefits being only a percentage of wages. In errors and omissions, if insured did not contribute via a substantial deductible (except the expense coverage) there would be little incentive to avoid carelessness.

Twice The Loss Ratio

As for holding down costs, Mr. Nichols observed that though full cover auto collision has an average loss that is less than the $50 deductible, the loss ratio is almost twice as high. Deductibles are available in liability but insurers have avoided using them, in general, because they do not want to lose control of the claim.

Introduction in recent years of the deductible for automobile comprehensive (mandatory in New York City and optional elsewhere) is a good illustration of deductible use to solve the problem of rising losses. The extended coverage deductible, experience shows, cuts losses in half. Burglary deductibles are available but are seldom used.

As for the future, can the deductible solve the current problems in fire, especially dwellings? Most underwriters are opposed to deductibles here, Mr. Nichols conceded, but one company has used the deductible in this area with success for a long time. The deductible, he said, is essentially an extension of the coinsurance principle, and its use will grow. Full cover ruined homeowners C. Plate glass needs attention, and a deductible could improve the experience.

Perhaps, he said, the public needs a general re-education as to the proper purpose of insurance, which is not to indemnify for the small loss but for the catastrophe loss. Can the business continue to offer first dollar coverage at a premium insured can pay?

The deductible is by no means a

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390 Register For NAIC Zone Five Meeting

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changing information on department policies and procedures.

The 1960s are sure to be one of the most important decades of all for insurance, Donald F. Barnes, vice-president Institute of Life Insurance, told the commissioners as he outlined the many changes and innovations occurring in marketing. "As we progress into the decade of the '60s, it seems almost certain that we will have many more innovations," he predicted. "Some will be placed on the market because it is believed that the public wants such a product, as the devisers of the variable annuity did. Others will appear because of a belief that the public needs such a product, as the originators of the family plan did. Some of the things we have done have been called 'gimmicks' when they began but are gimmicks no longer. This has put a heavy responsibility on our management and our supervision."

As to the survival of state supervision, Mr. Barnes said that both the majority and dissenting opinions of the Supreme Court in the Variable Annuity Life case affirmed the principle of state supervision, the only point of departure being in the definition of what is insurance and what is not. "In the next 10 years, state supervision will become stronger or weaker based chiefly on how well it explains itself to its public," he said.

He urged the commissioners to take steps to instill in the public rightful pride in state supervision. "Once the administration starts telling people some facts about sound supervision, good public relations begin to be present," he said. Companies in their advertising and through their field forces should explain the work of supervisory authorities, and commissioners themselves have to be sufficiently immodest to do a little boasting about the records of their states, he continued.

Attaches Cost To Designs

William P. Henderson, president Henderson Tire Co., Detroit, explained how automobile design and wrap around windshields contribute to high repair costs and resulting high losses for insurance companies. Using several charts, he illustrated how soaring costs of auto repairs can be reduced by redesign of such things as rear car panels and other car units. Predicting that the big three car makers will bring low cost car models with simplicity of design, engineering, styling, and manufacturing, all of which will lead to lower insurance claim costs, he urged that these cars be treated fairly by giving them special lower physical damage rates. "To make a plus profit on them would be a terrible mistake and would treat unfairly the small car buyer who seeks economy," hr said.

"In many areas the cost of insuring a car for its normal life exceeds its original manufacturing cost," Mr. Henderson declared. "Under these conditions the automobile insurance business cannot thrive or receive wholesome public acceptance." Lowering the accident frequency and curbing soaring repair costs are the answer, he concluded, as he urged the commissioners to join with the insurance industry in assuming leadership in making highways safer and more economical to use.

The variable annuity is a fundamental development of life insurance, not a "gimmick," and is here to stay, Prof. Harold A. Dulan, head of the department of finance at the University of Arkansas, advised the commissioners. Prof. Dulan, who also is president and chairman of Participating Annuity Life of Arkansas, reviewed the majority and dissenting opinions of the Supreme Court and discussed how the securities act of 1933 and the investment company act of 1940 might bear on companies issuing variable annuity contracts.

Hear Winthrop Rockefeller

At a luncheon, the audience heard Winthrop E. Rockefeller, chairman Arkansas Industrial & Development Commission, describe Arkansas' steps in creating 30,000 new industrial jobs in four years by attracting several hundred new industries whose plant investment runs into the hundreds of millions.

As the convention opened, Lt.-Gov. Gordon, in absence of Gov. Faubus, extended the state's official welcome and, in a later ceremony, officially appointed each visiting commissioner an "Arkansas Traveler," the state's honorary award for visiting dignitaries.

Many New Bills In Mich. Have Insurance Overtones

LANSING—A rash of bills, including many affecting various phases of insurance, marked the past week in the Michigan legislature as the deadline passed for introduction of all but taxation and appropriation measures.

One anti-discrimination bill of a general character was seen as possibly applicable to insurance in requiring that "services" be provided "at uniform rates," without regard to race, national origins, etc.

Several bills were offered to amend the workmen's compensation act, while bills pertaining to automobile coverages include one to require a minimum state contribution of $25 per pupil toward cost of public school driver training; to suspend the license of any driver failing to respond, when notified by letter or advertisement, to a summons for reexamination to determine his fitness to drive, and to tighten qualifications for drivers and requiring medical certificates for licensing of persons over the age of 50.

Chicago I-Day Studies Many Problems

(CONTINUED FROM PAGE 5)

policy and a subsequent claim was declared invalid.

Producers should be extremely careful about what they say to insurers as to what is or is not insurable, he stated. One learned judge has stated if people in a professional capacity take it upon themselves to give an opinion, they must have the education to be able to do so, he said. No one is obligated to take it upon himself to express a definite opinion which the customer will act or rely upon. Mr. Conklin suggested qualifying any such statement to include the time to ascertain the necessary information.

With Bert Jacob, Chicago I-Day committee member, presiding, the afernoon session got under way with an inspirational talk by Dr. William H. Alexander, pastor First Christian Church, Oklahoma City, Okla. His talk involved the answering of four questions: Do you have a wholesome positive attitude to yourself, your life and your job; do you have a philosophy fit to live with?; do you have a world fit to live in, and do you have a philosophy fit to live by?

Edward J. Thau, manager Illinois Automobile Assigned Risk Plan, explained the plan and how each company's assignment role is determined, including why the system precludes assigning certain risks to any particular company. He also gave statistics on the growth of the assignment plan and said agents should understand the plan and its operation to aid in removing the onus from companies by being able to explain more about the plan to their customers. He detailed the mechanics of filling out the application covering the assigned risk and said that if the application is not filled out in accordance with the rules, it must be returned. As many as 30 applications are returned each day because of incomplete answers, he declared.

Mr. Thau also mentioned that there is a new form now in use in Illinois which no longer requires a duplicate and pointed out that the old forms will not be acceptable after May 1.

Ralph Jones, executive representative Continental Casualty and a spokesman for Insurance Federation of Illinois, discussed various bills in the Illinois legislature affecting insurance. He noted that there are five bills in Springfield in one form or another relating to compulsory, but opined that those based on the Massachusetts or New York theory are not going to get anywhere, so proponents are switching to a UJF plan similar to New Jersey's, he said.

"Since the plan doesn't seem to be working out too well in New Jersey, I feel the insurance business will be against it in Illinois. These things seem to be operated on a deficit basis. Spend the money; then go to the legislature and ask for more appropriations to make up the deficit." There is a coalition of plaintiffs lawyers and labor organizations attempting at all times to get such legislation passed, and in the house it is touch and go, but "we can beat it in the senate," he stated.

Another bill sponsored by plaintiffs attorneys and being introduced as a pattern country-wide, Mr. Jones said, is one where if the court deems the insurance company's refusal to pay the claim without legal action as having been unreasonable, insured would be allowed triple damages and attorney fees. This bill is getting a lot of backing, said Mr. Jones, and also mentioned the Illinois scaffolding act, which a lot of people didn't even know was on the books. An attempt is being made to get this law repealed, but he was not very optimistic, however. Plaintiffs attorneys and labor organizations seem to be for it, he observed. "Other states do not have such an act and it reflects on the Illinois liability rates."

Valmore H. Forcier, member executive committee National Assn. of Insurance Agents wound up the formal program with a moving talk, urging all segments of the agency system to work together and to do away with any pessimistic outlook. He said there is no future for producers with no faith in the future and he could not believe that "our system is not adaptable to conditions."

Mr. Forcier noted that there were "difficult days ahead," but that also there will be greatly increased markets, sales and profits and that it is foolhardy to get panicky and indulge in senseless rate cutting and competition. "Let the conference table replace open warfare," he said.

At the luncheon, some 15 members at the speakers' table were attired in sport shirts as a "gag", since the speaker, Bill Veeck of the Chicago White Sox, is noted for his nonconformity to the coat-and-tie school of thought. Mr. Veeck gave a completely entertaining and amusing talk and was a credit to the committee's foresight in breaking up the day with a little levity.

Conventions

May 11-13, Pacific Board, annual, Biltmore Hotel, Santa Barbara, California.
May 11-14, National Assn. of Insurance Brokers, annual, Waldorf-Astoria, New York.
May 12, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York.
May 12, Wisconsin agents, midyear, Hotel Loraine, Madison.
May 12-15, Insurance Company Education Directors, annual, Skytop, Pa.
May 14, Surety Assn. of America, annual, Astor Hotel, New York.
May 14-15, Arkansas agents, annual, Arlington Hotel, Hot Springs.
May 14-15, Central Claim Executives Assn., Marott Hotel, Indianapolis.
May 14-15, National Assn. of Casualty & Surety Agents, midyear, Ambassador Hotel, Chicago.
May 18, Vermont agents, spring meeting, Woodstock Inn, Woodstock.
May 18-20, American Assn. of Managing General Agents, annual, Essex House, New York.
May 18-20, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.
May 18-20, Insurance Accounting and Statistical Assn., annual, Ambassador Hotel, Atlantic City.
May 19-20, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.
May 20, National Automobile Underwriters Assn., annual, Statler Hotel, New York.
May 21, National Board of Fire Underwriters, annual, Biltmore Hotel, New York.
May 21-22, Casualty Actuarial Society, spring meeting, Ambassador Hotel, Atlantic City.
May 21-23, Texas agents, annual, Texas Hotel, Fort Worth.
May 21-23, Florida agents, annual, Jacksonville.
May 28-29, Georgia agents, annual, Biltmore Hotel, Atlanta.
June 1-2, Eastern Underwriters Assn., midyear, Otesaga Hotel, Cooperstown.
June 5-6, Virginia agents, annual, Greenbrier, White Sulphur Springs, W. Va.
June 7-9, Georgia mutual agents, annual, King and Prince Hotel, St. Simons.
June 7-9, Tennessee and Kentucky Mutual agents(combined), annual, Andrew Jackson Hotel, Nashville.
June 8-10, Southeastern Underwriters Assn., annual, Homestead, Hot Springs, Va.
June 8-12, NAIC, annual, Statler Hotel, Boston.
June 11-13, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.
June 11-13, Carolinas mutual agents, annual, Grove Park Inn, Asheville, N. C.
June 14-17, Conference of Mutual Casualty Companies, management conference, Antlers Hotel, Colorado Springs, Colorado.
June 14-18, International Assn. of A&H Underwriters, annual, French Lick-Sheraton, French Lick, Ind.
June 15-17, Michigan Capital Stock Ins. Assn., Michigan Blue Goose, Michigan Fire Prevention Assn., annual, Gratiot Inn, Port Huron, Mich.
June 15-18, National Assn. of Insurance Women, annual, Hotel Robert Meyer, Jacksonville, Fla.
June 17-18, Illinois farm agents, annual, Jefferson Hotel, Peoria.
June 17-19, Maryland agents, midyear, Commander Hotel, Ocean City.
June 17-21, National Assn. of Public Adjusters, annual, Concord Hotel, Kiamesha Lake, N. Y.
June 18-19, Delaware agents, annual, Rehoboth Beach Country Club, Rehoboth Beach.
June 18-19, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.
June 21-24, Insurance Advertising Conference, annual, Williamsburg Inn, Williamsburg, Va.
June 28-July 1, Consumer Credit Insurance Assn., annual, Desert Inn, Las Vegas.
June 30-July 2, International Assn. of Insurance Counsel, annual, Banff Springs Hotel, Banff, Alberta, Canada.
August 2-7, Honorable Order of the Blue Goose, International, annual, Statler Hotel, Los Angeles.
August 6-8, Alaska agents, annual, Ketchikan.
August 9-12, West Virginia agents, annual, Greenbrier, White Sulphur Springs.
August 13-15, Texas mutual agents, annual, Statler-Hilton Hotel, Dallas.
August 19-22, Federation of Insurance Counsel, annual, Fontainebleau Hotel, Miami Beach.
Aug. 20-22, Montana agents, annual, East Glacier Hotel, Glacier Park.
August 24-25, South Dakota agents, annual, Sheraton-Johnson Hotel, Rapid City.
Aug. 31-Sept. 2, International Federation of Commercial Travelers Insurance Organizations, annual, Broadmoor Hotel, Colorado Springs.
Sept. 9-11, Washington agents, annual, Davenport Hotel, Spokane.
Sept. 10-11, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.
Sept. 10-11, Minnesota agents, annual, Hotel Duluth, Duluth.
Sept. 12-14, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.
Sept. 13-15, Oregon agents, annual, Marion Hotel, Salem.
Sept. 13-16, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

1958 Direct Premiums, Losses For Fire Coverages In Ohio Are Given

Direct premiums written and direct losses paid for principal fire coverages in Ohio are shown in the accompanying tables. Each of the 5 lines reported on shows the business only if direct premiums exceed $25,000. For the lines of general interest, the 10 leading companies in premiums are shown at the head of the list in bold face type in order of premium volume; the rest of the companies are listed in alphabetical order. Figures are taken from page 14 of the annual statements of companies as reported to the Ohio department. Direct premiums and direct losses reflect results exclusive of reinsurance transacted, and thus are not generally acceptable as reflecting a company's loss ratio. Direct premiums are the gross new business of a company before reinsurance accepted. Lines included in the compilation are fire, extended coverage, homeowners multiple peril, ocean marine, and inland marine. Casualty lines will be run next week.

Fire

	Direct Premiums $	Direct Losses $
Home	**4,692,377**	**2,361,338**
Aetna Fire	**2,645,886**	**1,390,174**
Nationwide Mut. Fire	**2,595,372**	**859,874**
Mfrs. Mut. Fire	**2,486,673**	**88,395**
Buckeye Union Fire	**2,427,669**	**1,348,505**
Ohio Farmers	**2,172,504**	**1,141,234**
Continental	**2,022,041**	**3,836,896**
Hartford Fire	**1,896,898**	**794,510**
Ins. Co. of No. Am.	**1,841,310**	**959,683**
Blackstone Mutual	**1,783,753**	**276,566**
Aetna Cas. & Surety	1,149,063	329,152
Affiliated F.&M.	137,097	24,500
Agricultural	264,353	267,716
Albany	43,143	22,538
Allstate	251,546	58,870
American	1,171,598	801,512
American Automobile	301,847	92,109
American Casualty	219,398	75,513
American Central	224,118	97,063
American Druggists	44,645	13,492
American Equitable	285,273	99,892
American & Foreign	26,316	20,624
American Hardware Mut.	298,872	94,692
American Home	179,620	67,725
American Indemnity	32,502	7,140
American Marine & General	45,043	38,798
American Mfrs. Mut.	77,727	6,379
American Mut. Fire	35,360	11,254
American National Fire	375,342	300,980
American Reciprocal Insurers	119,204	95,307
American States	359,673	38,521
American Surety	119,037	21,846
American Union, N. Y.	70,521	68,966
Arkwright Mutual	549,469	112,669
Assurance of America, N. Y.	28,286	61,336
Atlas Assurance	679,933	242,133
Atlantic Mutual	63,658	25,362
Auto-Owners	89,538	39,636
Bankers & Shippers	210,500	59,341
Beacon Mutual Indem.	138,228	50,646
Birmingham Fire	41,682	95,332
Boston	369,159	357,611
Boston Mfrs. Mutual	399,580	115,890
Brotherhood Mutual	51,887	2,249
Buffalo	145,361	136,844
California	73,834	99,941
Cambridge Mutual Fire	136,855	39,121
Camden Fire	370,481	138,105
Canners Exc. Subscribers	210,038	19,836
Celina Mutual	35,289	57,799
Centennial	275,380	145,733
Central Mutual	833,374	366,490
Century	69,017	21,774
Church Fire, N. Y.	40,731	1,057
Cincinnati	212,904	133,994
Citizens of N. J.	211,906	110,149
Commercial Union Assur.	308,181	136,686
Commercial Union Fire	144,878	63,365
Commonwealth	153,251	236,266
Connecticut	386,437	180,931
Continental Casualty	26,368	162,821
Detroit F.&M.	130,553	64,375
Dubuque F.&M.	76,339	17,707
Eagle Fire	77,059	19,406
Empire State	91,174	71,052
Employers Fire, Boston	261,823	90,745
Employers Liab. Assur.	50,630	6,201
Equitable F.&M.	216,028	122,692
Excelsior, N. Y.	213,715	152,727
Federal Mutual	78,142	19,101
Federal, N. J.	472,944	100,241
Fidelity & Guaranty	885,475	449,443
Fidelity-Phenix Fire	859,980	356,923
Fire & Cas. of Conn.	155,912	22,429
Fireman's Fund	1,450,715	1,435,112
Firemen's Mutual, R. I.	1,603,582	377,797
Firemen's of Newark	961,937	296,276
First National, Wash.	128,890	39,704
Franklin Fire & Cas.	141,584	21,329
Fulton	86,711	26,796
General of Seattle	524,341	133,557
General Accident	296,290	78,478
Glens Falls	692,316	271,196
Globe Indemnity	84,059	21,830
Globe & Republic	41,398	38,292
Grange Mutual Cas.	118,991	29,188
Granite State	71,722	22,909
Grain Dealers Mutual	959,622	208,324
Great American	1,590,409	846,628
Guaranty Mut. Fire	294,722	169,076
Gulf of Texas	210,090	87,945
Hamilton Mutual	407,554	197,213
Hanover	407,441	305,006
Hardware Dealers Mut.	217,728	52,621
Harford Mutual	72,543	16,107
Harleysville Mutual	38,631	20,086
Hawkeye-Security	68,781	25,864
Home F.&M.	223,688	125,987
Home Mutual of N. Y.	188,358	97,765
Indiana Lumbermens Mut.	222,723	64,234
Industrial Mut., Mass.	276,130	1,346
Ind. Recip. Exch., Mo.	153,131	41,933
State of Pa.	71,363	40,143
Jersey	71,206	24,766
Liberty Mutual Fire	218,091	63,839
Lititz Mutual	117,132	38,456
Liverpool & London & Globe	227,029	96,338
London Assurance	80,181	29,578
London & Lancashire	119,691	85,906
Lumbermens Mutual	1,461,910	690,316
Lumbermen's Mut. Cas.	89,810	5,365
Manhattan F.&M.	171,456	240,298
Mahoning	408,333	------
Maritime	52,107	38,571
Maryland Casualty	198,582	258,991
Mass. Bonding	32,562	8,797
Mass. F.&M.	70,728	52,945
Mayflower	872,390	461,273
Mercantile of America	152,722	95,546
Merchants Fire Assur., N. Y.	281,531	118,398
Merchants Fire of Colo.	121,411	37,951
Merchants & Mfrs. of N. Y.	35,297	3,638
Merchants & Mfrs. Mutual	188,672	51,150
Merchants Property of Ind.	589,647	142,186
Merrimack Mut. Fire	82,219	8,975
Michigan Millers Mut.	137,632	268,635
Midwestern Indemnity	30,551	4,435
Michigan Mut. Liab.	32,547	11,531
Millers Mutual of Ill.	55,715	65,043
Millers National of Ill.	225,974	125,692
Mill Owners Mutual	47,616	2,858
Milwaukee	589,052	231,496
Minneapolis F.&M.	38,144	18,157
Monarch	199,335	223,219
Motorists Mutual	545,170	71,937
National-Ben Franklin	411,467	166,096
National Fire of Conn.	1,459,101	949,698
National Mutual	411,595	187,039
National Surety	56,463	18,277
National Union Fire	1,236,298	275,931
Newark	370,201	178,586
New Amsterdam Cas.	78,824	10,867
New England	33,405	49,764
New Hampshire	219 292	120,845
New York Fire	151,393	64,371
New York Underwriters	818,982	576,117
Niagara Fire	693,232	180,814
Northern Assurance	237,188	120,971
Northern of N. Y.	516,541	316,917
No. British & Mercantile	276,189	108,848
North River of N. Y.	366,178	176,782
Northwestern F.&M.	88,129	86,612
Northwestern Mutual	473,494	114,454
Northwestern National	476,240	141,162
Norwich Union Fire	56,489	37,238
Ohio Casualty	546,139	181,873
Ohio Hardware Mut.	316,044	129,649
Ohio Security	113,030	20,356
Old Colony	198,025	102,798
Pacific of N. Y.	241,879	87,526
Pacific Indemnity	44,397	4,360
Pacific National Fire	215,384	208,067
Pawtucket Mutual	93,739	70,787
Pearl	211,175	84,570
Peerless	45,019	87,397
Pennsylvania Fire	481,854	221,338
Penn. Millers Mut. Fire	125,900	23,537
Penn. Mut. Fire	66,733	[illegible]
Philadelphia F.&M.	98,125	90,334
Philadelphia Mfrs. Mut.	83,672	246
Phoenix of N. Y.	422,062	331,218
Phoenix of Conn.	759,863	248,946
Potomac of Pa.	43,954	34,514
Preferred Mutual	161,738	59,749
Progressive Mutual	81,826	13,892
Protection Mutual	218,046	23,130
Providence Washington	172,449	88,884
Queen	262,372	110,390
Quincy Mut. Fire	282,941	50,693
Reciprocal Exchange, Mo.	27,987	———
Reliable	120,944	37,583
Reliance	656,771	541,326
Republic of Tex.	209,430	51,243
Republic Indemnity	54,686	42,822
Richland Knox Mut.	451,732	131,801
Rochester American	224,520	321,371
Royal	559,620	279,018
Royal Exchange	138,096	111,511
Royal Indemnity	98,402	38,312
Safeguard	236,785	94,105
St. Paul F.&M.	638,131	442,363
St. Paul Mercury	195,240	152,570
Seaboard F.&M.	110,467	59,671
Security National	32,571	34,304
Selective	25,606	786
Scottish Union & National	83,125	65,840
Shelby Mutual	222,946	46,232
South Carolina	136,821	83,622
Springfield F.&M.	713,957	314,179
Standard Accident	206,058	59,059
Standard Fire, Conn.	375,881	151,687
Standard Fire, N. J.	126,719	74,574
State Automobile Mut.	327,176	109,486
State Farm Fire & Cas.	277,486	72,582
Steel	165,253	113,259
Sun Office	133,147	51,783
Switzerland General	61,458	43,384
Transcontinental	114,131	139,199
Travelers Indemnity	1,752,612	561,899
Trinity Universal	185,816	29,045
Underwriters, Ill.	74,374	12,614
Union Society of Canton	33,168	23,886
Union Fire, N. Y.	257,225	27,249
U. S. Fire	1,246,361	632,167
Universal Underwriters, Mo.	185,910	76,800
Utah Home Fire	28,529	9,470
Utica Fire	90,912	42,018
Vigilant	30,957	183,656
Wabash Fire & Cas.	36,369	10,592
Warner Reciprocal	76,431	1,215
Western	25,815	2,698
Western Fire	126.909	49,815
Western Reserve Mut. Cas.	133,995	34,018
Westchester Fire	482,683	289,125
Wolverine	109,622	108,463
Worchester Mut. Fire	129,860	14,681
Yorkshire	29,990	10,944
Zurich	144,739	30,362

Extended Coverage

	Direct Premiums $	Direct Losses $
Home	**1,919,453**	**716,464**
Nationwide Mutual Fire	**1,531,549**	**423,331**
Buckeye Union Fire	**1,517,634**	**535,286**
Ohio Farmers	**1,262,793**	**655,282**
Aetna Fire	**1,043,814**	**325,165**
Hartford Fire	**721,660**	**257,968**
Atlas Assurance	**679,597**	**50,266**
Continental	**678,874**	**218,502**
Aetna Casualty & Surety	**630,446**	**200,313**
Great American	**629,456**	**208,713**
Agricultural	129,095	60,038
Allstate	216,095	53,880
American	428,772	113,613
American Automobile	118,853	40,959
American Casualty	117,015	39,970
American Central	88,473	32,793
American Equitable	124,963	41,341
American Hardware Mut.	96,635	28,849
American Home	53,118	12,203
American National Fire	162,421	70,340
American Surety	45,838	7,973
American Union	26,881	13,462
Auto-Owners	47,309	6,001
Bankers & Shippers	130,510	36,046
Beacon Mutual Indem.	95,698	16,791
Boston	168,573	98,735
Brotherhood Mutual	28,270	3,079
Buffalo	82,033	30,844
California	25,440	8,674
Cambridge Mutual Fire	71,532	19,637
Camden Fire	150,029	63,536
Canners Exchange Subscribers	28,443	2,205
Centennial	93,260	26,440
Central Mutual	374,253	102,227
Century	40,719	16,934
Cincinnati	96,680	39,510
Citizens of N. J.	82,285	38,306
Commercial Union Assur.	103,300	18,426
Commercial Union Fire	67,461	22,643
Commonwealth	66,668	18,724
Connecticut	177,955	60,729
Continental Casualty	34,888	269,150
Detroit F.&M.	50,385	30,192
Dubuque F.&M.	55,673	17,910
Eagle Fire	33,507	10,637
Empire State	53,812	30,854
Employers Fire, Boston	116,953	49,364
Equitable F.&M.	87,799	26,200
Excelsior, N. Y.	94,124	53,701
Federal, N. J.	131,838	7,886
Fidelity & Guaranty	391,812	123,640
Fidelity-Phenix Fire	331,542	158,636
Fire & Cas. of Conn.	115,535	21,310
Fireman's Fund	529,491	138,263
Firemen's of Newark	572,774	202,250
First National, Wash.	89,995	47,896

	Direct Premiums $	Direct Losses $
Franklin Fire & Cas.	69,255	12,712
Fulton	43,670	13,438
General of Seattle	357,154	109,092
General Accident	145,240	32,087
Glens Falls	306,068	138,760
Globe Indemnity	34,098	10,698
Grange Mutual Cas.	71,845	17,744
Granite State	44,070	15,108
Grain Dealers Mutual	73,324	22,880
Guarantee Mut. Fire	140,516	84,119
Gulf of Texas	154.623	45.730
Hamilton Mutual	237,833	45,856
Hanover	165,619	64,822
Hardware Dealers Mut.	67,778	15,450
Harford Mutual	40,486	11,403
Hawkeye-Security	51,640	12,699
Home F.&M.	104,632	59,484
Home Mutual of N. Y.	108,592	37,600
Indiana Lumbermens Mut.	91,189	30,358
Ind. Reciprocal Exch., Mo.	102,087	4,062
Ins. Co. of No. Am.	623,232	180,138
State of Pa.	34,454	18,353
Jersey	42,380	13,678
Liberty Mutual Fire	87,415	18,181
Lititz Mutual	69,701	22,082
Liverpool & London & Globe	61,500	13,961
London Assurance	28,492	5,595
London & Lancashire	56,086	17,658
Lumbermen's Mutual	444,433	137,988
Lumbermen's Mut. Cas.	37,764	3,478
Manhattan F.&M.	67,489	13,934
Maryland Casualty	102,990	30,088
Mass. F.&M.	27,682	20,131
Mayflower	584,706	192,525
Mercantile of America	62,431	27,249
Merchants Fire Assur., N. Y.	139,281	52,526
Merchants Fire of Colo.	88,760	26,002
Merchants & Mfrs. Mutual	92,111	27,080
Merchants Property of Ind.	276,091	78,469
Merrimack Mut. Fire	30,944	5,765
Michigan Millers Mut.	62,304	31,676
Millers National of Ill.	125,915	39,878
Milwaukee	370,573	115,843
Monarch	106,879	49,456
Motorists Mutual	314,023	51,619
National-Ben Franklin	262,802	79,670
National Fire of Conn.	589,061	322,440
National Mutual	251,679	66.595
National Union Fire	396,080	67,070
Newark	140.630	49,776
New Amsterdam Cas.	36,292	12,005
New Hampshire Fire	102,982	30,172
New York Fire	88,036	25,671
New York Underwriters	343,372	132.314
Niagara Fire	278,237	81,581
Northern Assurance	108,144	49,663
Northern of N. Y.	317.809	121,469
No. British & Mercantile	111,958	31,675
North River of N. Y.	152,978	81,078
Northwestern F.&M.	38,307	14,959
Northwestern Mutual	247,005	82,474
Northwestern National	364,541	114,712
Norwich Union Fire	26,078	8.039
Ohio Casualty	308,527	45,898
Ohio Hardware Mut.	105,134	29,616
Ohio Security	67,485	18,419
Old Colony	100,263	41,807
Pacific of N. Y.	119,228	36,231
Pacific National Fire	128,079	53,719
Pawtucket Mutual	55.941	16.446
Pearl	112.680	43.862
Pennsylvania Fire	192,695	51,098
Pennsylvania Lumber. Mut.	74.246	8,736
Penn. Millers Mut. Fire	36.789	6,320
Penn. Mut. Fire	34,658	11,042
Philadelphia F.&M.	33,246	30,506
Phoenix of N. Y.	184,848	81,131
Phoenix of Conn.	257,793	64.090
Preferred Mutual	86,496	32,793
Progressive Mutual	58,860	13,835
Providence Washington	68,526	32,884
Queen	96.893	47.580
Quincy Mut. Fire	113,583	25,638
Reliable	78,826	27,999
Reliance	258,961	91,164
Republic of Tex.	203,819	50,497
Republic Indemnity	33,354	6,178
Richland Knox Mut.	231,574	52,812
Rochester American	90,734	54,098
Royal	230,154	97,990
Royal Exchange	57,205	15,199
Royal Indemnity	40,243	4,282
Safeguard	115,586	38,779
St. Paul F.&M.	259,169	92,794
St. Paul Mercury	111,161	49,375
Seaboard F.&M.	52,510	22,590
Scottish Union & National	51,396	16,264
Shelby Mutual	116.890	28,688
South Carolina	46,055	11,188
Springfield F.&M.	234,499	89,223
Standard Accident	117,380	22,603
Standard Fire, Conn.	178,881	54,875
Standard Fire, N. J.	70,584	19,371
State Automobile Mut.	208,904	47,712
State Farm Fire & Cas.	213,569	34,131
Sun Office	55,938	18,884
Transcontinental	40,998	15,176
Travelers Indemnity	896,014	293.748
Trinity Universal	98,442	13,679
U. S. Fire	480,422	208,392
Universal Underwriters, Mo.	25,628	45,366
Utica Fire	58,138	18,306
Western Fire	63,835	17,603
Western Reserve Mut. Cas.	65,243	13,577
Westchester Fire	197,893	121,662
Wolverine	60,659	19,472
Worchester Mut. Fire	38,757	7,766
Zurich	68,779	8,207

Ocean Marine

	Direct Premiums $	Direct Losses $
Ins. Co. of No. Am.	520,866	298,208
Federal, N. J.	448,573	217,973
Aetna Fire	169,855	90,463
U. S. Fire	141,422	20,195
Fireman's Fund	140,299	53,756
Home	118,426	57,998
Sea	110,787	87,821
St. Paul F.&M.	107,504	39,441
Aetna Casualty	90.382	65.875
Atlantic Mutual	76,726	12,807
American States	61,030	20,905
Boston	36,249	32,129
Centennial	40,773	18,636
Continental	40,160	49,200
Fidelity-Phenix Fire	48,918	34,639

	Direct Premiums $	Direct Losses $
Firemen's of Newark	56,068	25,500
General of Seattle	68,163	21,774
Glens Falls	47,110	8,286
Hanover	47,449	12,759
Hartford Fire	36,476	14,748
Milwaukee	27,471	6,027
New York Underwriters	31,659	25,328
Providence Washington	40,625	31,578
Reliance	71,434	20,128
Standard Fire	47,692	19,635
Sun Office	30,061	2,593
Travelers Indemnity	48,187	16,043

Homeowners Multiple Peril

	Direct Premiums $	Direct Losses $
Ins. Co. of No. Am.	2,171,673	679,848
Nationwide Mutual Fire	1,283,809	208,104
Travelers Indemnity	922,403	204,292
Cincinnati	881,625	354,428
Ohio Farmers Indemnity	845,241	227,126
Buckeye Union Fire	789,078	159,294
Home	534,636	196,954
National Fire of Conn.	482,311	144,523
Reliance	430,426	68,762
Allstate	398,368	43,085
Aetna Fire	471,006	160,680
Aetna Cas.	51,600	11,379
Agricultural	59,219	20,822
American	195,937	60,538
American Automobile	91,096	51,389
American Casualty	54,004	15,938
American Central	31,162	5,816
American Equitable	32,050	13,315
American Hardware Mut.	90,906	12,953
American States	389,569	126,643
American Surety	26,606	8,075
Atlas Assurance	30,131	16,496
Auto-Owners	105,739	11,168
Bankers & Shippers	59,851	47,447
Beacon Mutual Indem.	121,302	19,942
Boston	95,056	52,448
Buffalo	36,605	18,465
Cambridge Mutual Fire	34,535	5,522
Camden Fire	84,760	22,121
Celina Mutual	40,219	11,558
Centennial	58,771	15,038
Central Mutual	269,569	62,544
Citizens of N. J.	30,383	13,076
Commercial Union Assur.	49,199	23,512
Commercial Union Fire	32,353	14,562
Commonwealth	29,526	5,407
Connecticut	71,088	23,741
Connecticut Indemnity	70,752	409
Continental	87,822	26,141
Continental Casualty	49,207	39,619
Empire State	27,914	4,918
Employers Fire, Boston	98,617	33,435
Equitable F.&M.	34,923	21,357
Excelsior, N. Y.	46,717	10,417
Federal, N. J.	139,199	7,886
Fidelity & Guaranty	315,023	83,423
Fidelity-Phenix Fire	81,652	18,408
Fireman's Fund	234,460	88,593
Firemen's of Newark	144,470	47,135
First National, Wash.	45,954	12,194
Franklin Fire & Cas.	78,057	7,387
General of Seattle	282,327	157,314
General Accident	115,292	35,810
Glens Falls	160,565	45,863
Globe Indemnity	37,363	8,843
Grange Mutual Cas.	70,307	8,758
Grain Dealers Mutual	33,427	12,488
Great American	243,764	79,548
Guarantee Mut. Fire	48,685	12,561
Gulf of Texas	61,712	7,462
Hamilton Mutual	123,896	33,224
Hanover	92,342	22,890
Hardware Dealers Mut.	86,533	36,535
Hartford Fire	342,400	103,860
Home F.&M.	26,701	17,620
Home Mutual of N. Y.	51,775	21,256
Indiana Lumbermens Mut.	116,942	29,423
Liberty Mutual Fire	210,026	76,436
Lumbermens Mutual	309,337	79,695
Lumbermen's Mut. Cas.	55,599	13,002
Maryland Casualty	46,957	30,533
Mayflower	176,928	35,183
Merchants Fire Assur, N. Y.	82,911	26,574
Merchants & Mfrs. Mutual	27,178	3,231
Merchants Property of Ind.	44,115	7,096
Merrimack Mut. Fire	28,859	3,561
Michigan Millers Mut.	54,003	33,678
Midwestern Indemnity	30.997	1,162
Millers National of Ill.	32,244	8,809
Milwaukee	83,258	12,798
Monarch	32,609	8,349
Motorists Mutual	287,224	13,951
National-Ben Franklin	87,484	18,898
National Mutual	84,168	5,525
National Union Fire	131,620	41,444
Newark	70,519	41,881
New Amsterdam Cas.	28,032	6,034
New Hampshire	34,500	7,929
New York Underwriters	127,382	59,564
Niagara Fire	61,599	15,373
Northern Assurance	51,099	16,729
Northern of N. Y.	215,921	47,548
No. British & Mercantile	37,556	13,172
North River of N. Y.	71,433	23,750
Northwestern Mutual	253,487	74,855
Northwestern National	87,741	40,628
Ohio Casualty	233,651	81,072
Ohio Hardware Mut.	27,316	7,768
Ohio Security	47,483	8,430
Old Colony	57,161	100,474
Pacific of N. Y.	62,164	—
Pacific National Fire	98,021	51,948
Pawtucket Mutual	32,232	6,029
Pearl	48,106	20,529
Pennsylvania Fire	70,998	23,370
Philadelphia F.&M.	77,673	40,615
Phoenix of N. Y.	73,249	19,955
Phoenix of Conn.	125,771	44,321
Preferred Mutual	41,339	8,368
Progressive Mutual	31,166	5,307
Providence Washington	40,176	16,527
Queen	30,506	9,104
Quincy Mut. Fire	87,000	22,055
Reliable	26,920	40,603
Republic Indemnity	25,661	10,028
Richland Knox Mut.	128,770	14,645
Rochester American	48,903	40,910
Royal	115,502	40,419
Royal Exchange	39,552	11,026
Royal Indemnity	52,340	9,850
Safeguard	65,276	17,847

	Direct Premiums $	Direct Losses $
St. Paul F.&M.	213,626	72,988
St. Paul Mercury	71,498	24,567
Shelby Mutual	190,099	31,400
South Carolina	74,510	13,058
Springfield F.&M.	87,650	19,849
Standard Accident	85,604	29,964
State Automobile Mut.	217,709	27,674
State Farm Fire & Cas.	136,241	15,697
Switzerland General	26,818	10,512
Transcontinental	37,625	6,554
Trinity Universal	49,671	8,872
U. S. Fire	221,155	92,390
Utica Fire	26,608	2,146
Western Fire	49,825	35,062
Western Reserve Mut. Cas.	62,590	15,658
Westchester Fire	80,704	34,598
Wolverine	51,508	10,137
Worchester Mut. Fire	45,371	7,114
Zurich	38,599	5,740

Inland Marine

Ins. Co. of No. Am.	879,625	234,189
Aetna Casualty	797,527	251,085
Aetna Fire	773,488	362,183
Home	700,372	325,767
Fireman's Fund	690,395	242,744
Buckeye Union Fire	656,777	254,586
St. Paul F.&M.	612,599	222,469
Travelers Indemnity	516,941	196,103
Hartford Fire	442,181	193,262
National Fire of Conn.	340,793	162,657
Agricultural	36,649	14,092
American	178,428	488,771
American Automobile	35,043	13,589
American Casualty	70,911	26,170
American Central	42,217	7,332
American Fidelity Fire	52,343	13,557
American National Fire	54,970	12,743
American Reciprocal	35,569	2,302
Atlas Assurance	104,732	35,065
Atlantic Mutual	120,283	32,835
Boston	283,631	170,214
California	36,043	9,752
Camden Fire	83,840	29,890
Centennial	114,125	28,304
Central Mutual	139,930	59,914
Cincinnati	230,576	170,958
Citizens Cas., N. Y.	32,347	6,454
Citizens, N. J.	47,031	21,141
Commercial Union Assur.	134,843	62,838
Commercial Union Fire	38,128	12,927
Connecticut Fire	145,138	30,220
Continental	194,004	143,301
Continental Casualty	106,310	65,379
Detroit F.&M.	25,838	12,434
Employers Fire	151,755	72,980
Employers Liab. Assur.	32,836	4,032
Equitable F.&M.	314,365	72,996
Fidelity & Guaranty	111,990	35,871
Fidelity-Phenix Fire	91,453	48,016
Firemen's of Newark	102,100	46,704
General of Seattle	94,854	35,411
General Accident	64,121	11,315
Glens Falls	100,342	71,706
Great American	219,403	89,975
Great Lakes Protection	151,311	67,455
Gulf	31,771	18,597
Hanover	31,958	11,465
Home F.&M.	45,031	15,741
Indemnity Marine	37,193	9,672
Liberty Mutual Fire	61,727	19,519
Lumbermens Mutual	81,111	23,019
Manhattan F.&M.	38,546	20,395
Maryland Casualty	42,187	8,754
Mass. F.&M.	87,727	46,639
Mayflower	48,930	17,010
Merchants Fire Assur.	30,909	37,950
Michigan Millers Mut.	35,535	7,759
Millers National of Ill.	57,275	16,815
Milwaukee	46,821	25,569
National-Ben Franklin	36,512	13,969
National Surety	115,685	43,052
National Union Fire	148,443	56,625
Nationwide Mut. Fire	136,882	45,134
Newark	49,808	30,314
New Hampshire Fire	44,218	19,497
New York Underwriters	155,844	49,854
Niagara Fire	50,814	12,131
No. British & Mercantile	38,550	9,153
North River, N. Y.	53,534	15,321
Northwestern Mutual	54,094	17,067
Northwestern National	37,867	14,542
Ohio Casualty	49,962	20,239
Ohio Farmers	157,196	60,711
Old Colony	41,495	33,987
Pacific National Fire	38,865	26,356
Pearl	157,175	89,299
Penn. Fire	42,515	21,678
Philadelphia F.&M.	52,719	33,219
Phoenix of Conn.	284,406	124,059
Providence Washington	68,312	36,921
Reliance	153,043	63,177
Rochester American	46,741	19,990
Royal	127,151	62,744
Royal Exchange	79,082	7,355
Royal Indemnity	59,217	6,239
St. Paul Mercury	112,812	46,673
Springfield F.&M.	117,932	35,343
Standard Accident	33,614	35,549
Standard Fire	91,007	28,882
Standard Marine	28,526	14,847
State Automobile Mut.	60,559	14,432
Sun Office	75,617	8,772
Switzerland General	25,357	12,236
Transcontinental	30,595	13,923
U. S. Fire	160,275	46,634
Universal, N. J.	73,240	30,131
Vigilant	40,094	11,137
Western Fire	42,131	812
Westchester Fire	58,064	43,910
Yorkshire	33,939	7,397

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Insurance Accountants Assn. of Philadelphia elected Frederick H. Sanford of Ohio Farmers president, Joseph L. Strawley of Indemnity of North America vice-president, and Thomas Egee of Maryland Casualty secretary and treasurer.

Argus Chart Shows Striking Fire Gains

(CONTINUED FROM PAGE 2)

ratios are higher, 60.3 and 40.5 respectively, producing a combined ratio of 100.8 and a loss from underwriting of $59,323,664. Net premiums written increased 2.6% to $3,886,169,591; premiums earned went from $3,681,963,870 at the end of 1957 to $3,821,663,758 as of Dec. 31, 1958.

Mutuals

Also tabulated are the results of 305 mutual companies with assets of $1,366,089,527 and surplus to policyholders of $639,021,052 at the end of 1958. Net premiums written increased $37,583,133 to a total of $672,970,416. Premiums earned of $662,288,898 represent an increase of 6.2% over the 1957 total. The losses and expenses show decreases in line with the overall totals above to produce a combined loss and expense ratio of 87.9 and a gain from underwriting before dividends to policyholders of $76,195,533. The dividends to policyholders totaled $67,263,748.

Similar totals indicating the same general kind of results have been tabulated for the U.S. branches of 59 foreign companies, for 38 reinsurance companies, and for 30 reciprocal exchanges and Lloyds organizations. A separate tabulation of the Factory Mutual companies is also included.

Significant Changes Shown

In another tabulation of the results of 532 stock companies are shown the premiums earned, losses incurred excluding loss adjustment expenses and the resultant loss ratio, classified according to the fire lines written. Significant changes occurred in extended cover, growing crops, aircraft physical damage and homeowners when the 1958 results are compared with those for 1957. On extended cover business the earned premiums increased from $488,913,000 to $507,804,000 and the loss ratio dropped 11.8 points to 39.2. The growing crops premiums earned increased to $66,005,000 and the loss ratio dropped from 67.3 to 51.5. Aircraft physical damage premiums increased almost five and one-half million dollars to $20,331,000 with an improvement in the loss ratio of 10.5 points for a 1958 ratio of 56.8. Homeowners premiums earned totaled $204,682,000 with losses incurred of $102,402,000 for a ratio of 50.0% compared with 51.6 in 1957. These figures as well as many others not quoted here are reproduced from the Argus Fire Chart on page 2.

In addition to this comprehensive set of totals of all kinds, the Argus Fire Chart presents complete statistics on individual companies in its main exhibits and in numerous special tables. These tables show the territories in which the companies operate, the underwriting and investment results both for individual companies and as groups where there are group affiliations, and the classifications of premiums and losses by lines written both for companies and groups. Multiple line underwriting results are indicated by direct reference to its companion publication, the Argus Casualty & Surety Chart, issued annually a few weeks after the fire volume.

The new 1959 Argus Fire Chart is available now, at $2.50 per copy (less for quantity orders) through the reference book department of the National Underwriter Company, 420 East Fourth Street, Cincinnati 2, Ohio, or any of its branch offices.

Says Agents Must Act To Save Auto Business

(CONTINUED FROM PAGE 2)

etc.; bill and collect; settle small claims and attend to all details; prepare all loss notices and follow up; personally service accounts and maintain offices. The direct writer must include all this in its overhead.

Agents and their companies were pricing themselves out of business three years ago. Now they must either find a way to deliver their product competitively or perish.

Take service, he said, to which agents point with pride. Yet 91% of the agent's fire business walks or phones its way there the same way, 87% of his auto insurance gets there the same way, and 95% of his renewals are delivered by the post office.

Do agents earn a commission three times that of the direct writer agent? He conceded that agents are bogged down with company and office detail. But all of this must be changed and fast, he declared.

Time To Demand Survival

He said he supposed most agents are too busy to write and talk to their companies about a plan for survival. Agents had better wake up because when they stop going forward they go backward, and they now are on a sleigh ride in that direction. He declared it was time to demand of companies changes that will save the agency industry.

1. Continuous policies. Automatic machine renewal certificates that are lighter, faster and simpler (same as life companies use)—proved five times faster in Mr. Frank's Newburgh & Beacon offices. (The agency can process five Kempermatic policies to one of Travelers, Aetna Casualty, etc.)

2. Direct billing (eliminate costly duplicate accounting). Company machine bills direct, showing agent's name only. This relieves the agent of all accounting work. All life agents have been on this basis successfully for years. There are 150,000 new fire and casualty agents coming into the business. Those who sell life today. What will they do? What will property agents do, continue to wait for more lower cost competition? Accepted budget plans now use direct company billing. Policy writing and collections will have to become a company (automatic machine) operation. Agents will then return to their rightful role of selling and servicing—offering complete one stop service.

Cut Out The 35% Cities

3. Eliminate costly part time agents and the 30 and 35% commission city territories.

4. Eliminate the small $1,000 to $2,000 volume agencies which take up company time.

5. Eliminate the so-called service offices which duplicate and confuse.

6. Eliminate half of the special agents who wander in each week.

7. Eliminate flat cancellations.

8. Eliminate free stationery and miscellaneous supplies.

9. Streamline companies' plush but antiquated systems.

10. Demand that companies adequately compensate efficient agents. (This is being done by some; for example, by one of the large companies on a "merit commission" basis. He said he was not interested in commissions but in net profit, as is the direct writer agent.

Agents and companies are partners. Right now they are both going down hill fast, he said. It is time to go the other way.

Nationwide Raises Varga

George J. Varga has been named an actuary of Nationwide Mutual and Nationwide Life. A fellow of Society of Actuaries, Mr. Varga went with the Nationwide companies as group actuarial and underwriting manager in 1955. Before that he was with New Jersey Blue Cross.

Continuous Policies Save Expenses But Computer Use Requires Large Volume

The experiment of Citizens Mutual Auto of Michigan with a continuous OL&T policy and its potential with the electronic computer was described by Owen C. Murray of that company at the underwriting conference in Chicago of Conference of Mutual Casualty Companies. After the initiation of the OL&T program, the company added garage dealers' blanket material damage and the chattel mortgage nonfiling policies.

Casualty Lines Too Small

Though automobile policies are numerous enough (14,000 to 19,000 a month) to make use of the computer practical and advantageous, most miscellaneous casualty lines are too small in volume to do so, he said. The use of the computer on continuous policies is not advantageous if renewal certificates have to be processed manually. The only saving then is in paper and even that is eliminated when it is necessary to double up procedures.

However, the continuous policy itself provides savings and gives the agent a good defense of business on his books, Mr. Murray said.

His company undertook the OL&T experiment when loss ratios became adverse and a recession year depreciated stock values. He noted that many companies clamped down underwriting controls; eliminated entire areas from production; cast an extremely jaundiced eye at appointing new agents; ran a fine-toothed comb through company personnel to screen out deadwood; and then became suddenly aware of the expense ratio at which company auditors had been pointing a finger for many years.

Teetolers Screen Expense Accounts

The schemes to correct the expense ratio were many and marvelous to behold, he declared. Tight controls were clamped on the supply departments. Expense accounts were reviewed by vegetarians and persons who had signed the pledge. Paper clips were straightened and scratch pads were made out of the backs of old applications. But, through all of this, little attention was ever paid to a vast area where so much could be done to reduce expense ratios—business already on the books and being renewed every year or three years or five years. Here "an intolerable cost burden" could be measurably reduced.

Some years ago Mr. Murray's company had used renewal certificates with more or less negative results. They did not save expenses, and they developed a considerable number of problems—so much so that their use was discontinued. The automobile department, however, uses a renewal certificate processed through the IBM 650 computer with quite favorable results. Apparently, the difference here is in the use of the electronic computer as opposed to manual processing. In the casualty field, the company had not tried renewal certificates. Since the electronic computer could not be used due to low volume, some other approach was necessary. Concluding that a major saving could be made if the company did not have to renew policies annually, OL&T was selected for the experiment. OL&T is not subject to substantial policy change or rate fluctuations and has a reasonably good underwriting experience.

However, the company did not take its entire line of OL&T but only a certain portion of it peculiarly susceptible to the continuous type policy.

The company found that a heavy proportion of its OL&T line was on minimum premiums and continued year after year with little change except to renew annually. What type of OL&T business continued as the most stable year after year? These were, in general, barber shops, beauty parlors, building or premises either under the 129 or 178 class, dry cleaners, insurance agencies, physician's or dentist's offices, real estate agencies, particularly small ones, and small stores.

If there were a saving to be made, what should the company do with it? Pass it on to the customer in the form of a reduced premium? That would be unattractive for agency selling because of the low commission. The company decided to boost the limits into a single limit BI and PDL coverage of $15,000 and a medical payment per person of $500. On a standard OL&T policy this would develop a premium of $19 to $22. The average cost (not including paper in the policy) for production was $2.51, but with the allocation of all overhead the cost was $4.85 per policy. Initial cost, then, would be the same with any policy. But with subsequent policies eliminated this saving would be substantial.

The number of policies involved in the experiment was small, probably not more than 500 in the first two years of operation.

Similar To OLT Contract

The first move was to lay out the policy itself. It follows very closely the OL&T contract, with a few modifications similar to the storekeepers' liability and with corrections in the conditions as applicable to a continuing policy.

The next step was the declaration page, and after false starts Mr. Murray and his associates came up with the simplified format showing everything on the policy face. To stimulate sales, they made up an attractive package at small cost by going to an expensive parchment-type paper with a heavy rag content that had the feel of stock or money. It was named The Minuteman to carry the implication of speed and production to the agent and instantaneous coverage for insured.

To attain further simplification, the application for this policy was replaced with a very short one which can be carried in an agent's pocket or in the company's abbreviated rate manual. There are no questions as to the acceptablity of the risk, previous cancellations, or similar questions usually asked. The reason for this is that this type of insurance has been written in the past very readily with little or no attention paid to these questions. Therefore, why insist on them?

Each policy is pre-numbered and is packaged in blocks of 25. These are issued to agents and branch offices from the supply department, which then provides this numbering information to the policy register, kept in the underwriting department so that there is a tight control as to each policy outstanding, whether issued or not.

As to internal procedures, seven departments were involved in the handling of either the policy or its byproducts. Each department supervisor was thoroughly briefed as to the intent and use of the policy and was then given an opportunity to voice his opinion of the procedures for his department. Then all procedures affecting all departments were scheduled, as well as individual copies of the procedures affecting his own department for distribution to that department's personnel. The new policy was issued without the slightest hitch and has continued for 1½ years with no difficulty in operation.

The policy is coded in the underwriting department and is then sent to IBM key punch, where accounting and statistical cards are punched. These are kept separate from the other production cards and sent separately to IBM accounting. The IBM accounting department sets up a premises protection up-dated file and processes the original key punch card for the original charge. The up-dated cards

(CONTINUED ON PAGE 34)

Ky. To Hold Hearings On Rate Increase Filings

Commissioner Thurman of Kentucky has issued new rules governing rate and form filings procedures, effective May 21.

Any company or organization filing rates or anything else will have to attach to it triplicate copies of a new form which is designated F-1.

The commissioner says he "now deems it to be in the public interest" to hold a public hearing on a filing by a rating organization if the filing would result in or propose an increase in the cost to the public of any insurance, although this may be waived, and in the case of a filing not causing an increase in cost, an individual determination will be made by the department as to whether a hearing is necessary.

Independent filings will be handled in the same way as those of rating organizations, including hearings and procedures.

A company wanting to deviate will have to send applications for its deviation to the rating organization as well as the department. The deviator will have 20 days written notice of the time and place of hearing, and the rating organization from which the deviation is being made will have to inform the department whether it desires a hearing. If the rating organization waives the hearing, "the commissioner shall communicate such fact to the applicant insurer (seeking to deviate) who may waive such hearing by giving written notice of such waiver to the commissioner." This apparently means that if the rating organization does not desire that a hearing be held on a deviation, the company making the deviation can then waive a hearing and no hearing will be held.

The rating organization concerned in a deviation may file responsive pleadings setting forth its position as concerns the proposed deviation, the rules state. It is noted that the burden of establishing that the application for deviation and the rate meet the requirements of law shall be on the insurer making the application.

The bulletin says that nothing contained in it shall operate to restrict the powers of the commissioner or change or vary the law, but shall be considered "as the exercise of reasonable discretion on the part of the commissioner of insurance in promulgating a reasonable rule or regulation for the purpose of effectuating certain provisions of the insurance code."

Changes In The Field

Williams Appointed By Reliance In Pa.

Reliance has appointed Wallace D. Williams Jr. fire and marine manager for western Pennsylvania. He was previously regional manager in New England and New York. He will make his headquarters at Pittsburgh.

Holt On Leave Of Absence, Aetna Names Day In Iowa

Arthur E. Holt, state agent in Iowa of Aetna Fire, has been granted an extended leave of absence owing to illness. Mr. Holt has been in the Iowa field for Aetna for 20 years, and has been with the company for 40 years.

Virgil M. Day has been promoted to state agent at Iowa. He has been with Aetna Fire for 11 years and before that was with Iowa Inspection Bureau. He will be assisted by James A. Whalen, John M. Tjossem and Philip E. Kramer, special agents, all with headquarters at Des Moines.

Mr. Holt was in the Iowa field for Aetna from 1923 to 1930, and then went to Michigan where he traveled until 1938. He returned to Iowa as associate state agent and was promoted to state agent in 1942. He is a past most loyal gander of the Iowa Blue Goose, past president of the Iowa Field Club, and served as secretary-treasurer of Michigan Fire Underwriters Assn. in 1935-36.

He joined Aetna in 1919 at Chicago.

North British Appoints Barnett In Southern Cal.

North British has appointed Benjamin Barnett state agent for southern California, with headquarters at Los Angeles. He succeeds Walter W. Felgar, resigned. Mr. Barnett began with the company in San Francisco in 1946. He was later was named special agent for Washington and, in 1956, was assigned underwriting duties at San Francisco.

North British Names Vasey In Western Kentucky Field

North British has appointed Kenneth D. Vasey special agent for western Kentucky, with headquarters at Bowling Green. He will assist Charles J. Thompson, state agent. Mr. Vasey, a graduate of the company's field training course, also served as special agent in southern Ohio and in Indiana.

Two Of Fund In Florida

Fireman's Fund has appointed Charles L. Jones Jr. special agent for southeast Florida and Wesley R. Thames special agent for southwest Florida. Mr. Jones will operate from Orlando and Mr. Thames from Tampa.

Boston In Canada Changes

Boston has appointed as special agents Gladstone E. Shearer at Winnipeg, Frederick J. Nation at Vancouver and Donald C. Wiseman at Toronto.

Ind. Field Men Hear Two Speakers

At their April meeting, northern Indiana membership group of Indiana Capital Stock Insurance Assn. heard Richard Hooley, Ohio Farmers, discuss the California agents' suit on commissions, and Eugene Stonehouse, public relations man for Indiana Bell Telephone, talk on "Getting the Most Out of Your Telephone."

American Surety Appoints At Denver And Atlanta

American Surety has appointed as special agents Verlyn T. Tanksley at Atlanta and James L. Webb at Denver. Mr. Tanksley joined the company in August, 1958, and recently completed its special training course. Mr. Webb joined the company at the Denver claim office in 1948.

Rejoins Norwich Union As Special Agent In Ohio

David A. Taxter has rejoined Norwich Union as special agent for Ohio. He had previously been with the company in 1955-57 in the same capacity. Since that time he has been in the agency business in Ohio. He also had experience in the field with Fireman's Fund from 1950-55.

Lumber Mutual Appoints McKenzie In The East

Lumber Mutual of Boston has appointed Kenneth B. McKenzie special agent for New Jersey, Pennsylvania, Delaware, Washington, D. C., and Maryland. He formerly traveled New England for the company.

Manown With American Home In Western Pa. Field

American Home has appointed James D. Manown special agent for western Pennsylvania at Pittsburgh. He has been in the business since 1936 and was previously special agent of Atlas in that territory.

Bilbrey In D. C. Field

Hartford Accident has named Robert J. Bilbrey special agent at Washington, D. C. He joined the company in 1953, completed the home office training course in 1954, and since then has had general underwriting duties at Washington.

Frost Named To Field Post

Craig Frost has been promoted to field representative of Central Mutual of Van Wert. For two years he has been in the home office receiving training in sales and underwriting. He is the son of a Central Mutual local agent at Holgate, O.

Hartford Boiler Promotes

Hartford Steam Boiler has promoted Carl W. Bovard from special agent at Denver to supervising special agent at St. Louis.

Names Crippen At Dallas

North British has appointed Manson L. Crippen inland marine special agent at Dallas, replacing B. F. Tucker, resigned.

Kitchens Named In Ala.

John R. Kitchens, formerly state agent of Atlas, has been appointed general agent of Albany, Atlas and American Employers. Mr. Kitchens will maintain his headquarters at Montgomery, Ala. He is former president of Alabama Fieldmen's Assn. and a former MLG of Alabama Blue Goose.

Shaffer To Field Post

S. C. Shaffer has been appointed casualty special agent of Pacific Indemnity in Oregon. He is promoted from auto and casualty underwriter at Portland. Mr. Shaffer started in insurance in his father's agency and was with Home of New York before joining Pacific Indemnity last year.

Cowan, Hoffman At Buffalo

Aetna Fire has appointed Philip W. Cowan and Carlton P. Hoffman special agents at Buffalo.

Mr. Cowan joined the company in 1958. He has been at the home office and at Albany. Mr. Hoffman has been casualty underwriter at Buffalo for three years.

Maine Field Club Elects

Nelson P. Gamage, Great American, has been elected president of Pine Tree State (Maine) Field Club. Other officers are Kenneth J. Huelin, American Home, vice-president; Harriman W. McKowen, New Hampshire Fire, secretary, and Jared B. Goodrich, Employers' Fire, treasurer.

Baker Of Fund To Ind.

W. U. Baker has been assigned to the central and southern Indiana field by Fireman's Fund. He will handle fire and will work out of Indianapolis. He has traveled Indiana since 1940, much of that time with Indiana Rating Bureau.

Button Named In Va. Field

John W. Button has been named field supervisor in Virginia for Employers Mutual Casualty of Des Moines. He has been a payroll auditor and an underwriter in the eastern branch office in Philadelphia.

Me. Kills Auto Bills

An uninsured motorists bill has been killed in the Maine senate. A bill to apply the state's financial responsibility law to any driver involved in an accident, unless his car was legally stopped at the time, was rejected in the house.

Insurance Women's Assn. of Southern Connecticut elected Mrs. Everlyn Fineout of Darien president, Mrs. Robert Hoppe of Riverside recording secretary and Maureen Dobson of Riverside corresponding secretary.

Miss Ackroyd Retires As Citizens Casualty Director After 30 Years

Harriet A. Ackroyd has retired as a director of Citizens Casualty after more than 30 years. She was one of the founders of the company in Utica, N. Y. Miss Ackroyd, a retired executive of Utica Underwriters, also resigned from the board of Citizens Life and attributed her action to the desire to enjoy retirement after recently attaining her 88th birthday. She was honored by a special resolution of Citizens Casualty directors to mark her resignation. Walter White, secretary and treasurer, succeeds her on the board.

Harriet A. Ackroyd

Harleysville Mutual Is Independent Filer

Harleysville Mutual Casualty withdrew from Mutual Insurance Rating Bureau and became a member of National Assn. of Independent Insurers, May 1. The company continues to subscribe to bureau services in New Jersey. In Ohio, it will be a member of Midwestern Independent Statistical Service.

Agents were informed by letter that withdrawal from the bureau was based on the need for flexibility of action and operation which was not possible as a bureau member.

GAB Completes School

General Adjustment Bureau has graduated 29 trainee adjusters from New York, New Jersey, Connecticut, and Massachusetts from a two week basic fire school. The school, conducted by Lewis Lunsford, associate director of education and research, gave special attention to the dwelling building and contents broad form, small dwelling replacement estimates, additional living expense, rent and rental value, apportionments, proximate cause and subrogation, TV antenna damage, oil burner equipment losses, damage to home furnishings, and the new homeowners forms.

Staunton (Va.) Assn. of Insurance Agents has elected W. J. Wayland president, J. Russell Wisely vice-president, D. H. Scott secretary, and James F. Fauber treasurer.

Joseph J. Graham, second from left, manager of the San Francisco service office of Indemnity of North America, receives the John A. Diemand trophy for outstanding production and profit performance by a service office in 1958, from Reginald S. Robins, second from right, vice-president. Participating in the ceremonies at San Francisco, are Frank F. Owen, right, resident vice-president, and James A. Smith, left, assistant manager of the service office.

NAIA Directors Parley Covers Much Ground

(CONTINUED FROM PAGE 4)

states. They also took up various aspects of premium financing.

The 1960 advertising program, set at $2 million, with a $1.1 million base and with states getting more that raise more than their proportion of $1.1 million, will be launched by the executive committee at what it considers the proper time. That committee is to exercise its judgment in selecting a specific program that will most nearly fit the funds available.

Two Strong Divisions

The discussion of the program revealed two strong divisions among agents, those who favored the $2 million goal whatever the final figure reached, and those that opposed quotas set on the $2 million base because some states then raised a good deal more money than others though all states tended to get the same advertising.

The program as finally proposed by the advertising committee headed by J. A. Neumann of Jamaica, N. Y., past president of NAIA, was designed to satisfy both groups. Quotas will be set on the $1.1 million. States which exceed their quota will get that much more for their states alone; states which don't reach their quota will get that much less.

In addition, Wisconsin and several other western states urged the use of newspapers and magazines rather than TV as the major media.

No state except Washington indicated a disinterest in having an advertising program. Even Oregon, which voted against the enabling motion, did so, not because of disbelief in the program but because Leonard A. Adams of Beaverton, state national director, said he was not sure the state could deliver its quota.

Mr. Neumann said he thought the Big I program had been a success. No one would have predicted a $1.1 million advertising campaign by NAIA five years ago. He noted that in four years a cooperative ad program by savings and loan associations has helped increase the number of their accounts from 13 million to 22 million. The agent's competitors are after his business and are advertising heavily to get it.

Criticizing Companies Not Enough

"You can't maintain your position by confining your effort to criticizing your companies," he declared. Abandonment of the program would let the agency system deteriorate into a second rate marketing force, he said. He urged states to start their fund raising efforts at once so that by September the major organizing will be done. He also urged each state to go after advertising pledges without reference to what any other state is doing.

Frank E. Schaffer, vice-president of Doremus & Co., New York agency which is handling the campaign, showed the advertising film and narrated it. He was accompanied to Phoenix by John McCarthy, Alex Benn, George Erickson and Hubert Sweet of the advertising firm, and was aided by James R. Mathews of NAIA.

John J. Batenburg of Racine spoke up for use of newspapers in Wisconsin, for better results at less cost than TV. Mr. Schaffer said newspapers are a fine medium and are being considered for the 1960 program. However, TV is more effective on a national scale. The way to capitalize on it is to tie in with local newspaper advertising, he said. Mr. Batenberg pointed out that most of Wisconsin is on the fringes of Chicago and Milwaukee TV. Mr. Schaffer said that in the 1960 program a state can select newspapers rather than TV as its bonus for going over basic quota.

Gordon W. Friedrich of San Antonio said that being from a western state he knows the weakness of TV. It can't deliver advertising to all those who have paid for it. He favors newspapers and magazines.

Harman Wants No Part Of It

Thomas Harman of Seattle said the advertising program constitutes a demand assessment on each agency in each state, and if the agency doesn't send in the money it is automatically dropped from membership.

President Archie M. Slawsby said each state could select its own method of raising the quota.

The problem, Mr. Harman said, is the same as it has been from the start. Mr. Neumann pointed out that Washington doesn't have a problem since it is not down for anything in the program. "If it stays that way, I am satisfied," Mr. Harman declared.

Frank McGlaughon of Kingsport, Tenn., suggested that the advertising funds be raised on the basis of one-tenth of 1% of premiums, which would produce about $1 million. Then the companies should be asked to join the program with a matching amount. The companies could deduct the agents' share from premiums. This way would guarantee a full $2 million program.

Valmore Forcier of Danielson, Conn., said $2 million is realistic. Less than 50% of the members contributed more than 50% of the $1.1 million raised. The problem is to reach the other half of the members.

Until it was thoroughly explained, the program as voted drew objections from Leo J. Beck of Lincoln and H. J. Gescheidler of Hammond, Ind. When it was made clear that states would get what they paid for and that the advertising would go up and down with percentage of quota, both withdrew their objections and voted strongly for the program.

Though the debate on Mr. Harman's

motion to put every effort behind the Senate bill (839) which would divorce auto manufacturing and financing and insuring lasted longer than that on any other issue, tempers flared over efforts of the administration to wind up the discussion in order to get to other business, including the advertising program.

White Would Be Embarrassed

Under Mr. Harman's motion, NAIA would have had to change to some extent the position it already had publicly expressed to the Kefauver committee on S. 839. This, Morton V. V. White of Allentown, Pa., pointed out, would be very embarrassing. Besides, he said, competitors can't be legislated out of business. The NAIA statement on S. 839 explains that there is no longer any need for a car manufacturer to be in the finance and insurance business. Ample facilities exist to take care of these needs. He also observed that hundreds of agents are in the financing and insurance business through local arrangements with banks. Agents place loans on mortgages. If the "divorce" idea is extended to its logical conclusion, agents will have to quit arranging financing of this kind.

Mr. Harman disagreed with those who said competitors cannot be legislated out of business and pointed to the Ohio law which prohibits auto dealers from being licensed as agents. He pointed to the high loss ratios on financed auto business, and the inclusion of General Motors insurer figures in National Automobile Underwriters Assn. statistics. This can't be allowed, he said. Agents must do something about mixing these figures. If financed auto insurance business can't be placed, that is not the problem of the whole insured auto population but only of financed cars.

J. O. Hatch of Savannah noted that some financed auto insurers in NAUA have better loss ratios than agency companies.

Doesn't Like Legislation

Frank McCaffrey of Detroit said he disapproves of auto dealers selling insurance. But he doesn't like NAIA trying to legislate GM out of business. He thought a vote for S. 839 was a vote for federal regulation of insurance. The way to get auto dealers out of the insurance business is by strengthening the qualification laws, he said.

A motion to table the Harman motion won 35 to 15 on roll call. Several of the 15 indicated they voted against the tabling motion only because they thought debate was being shut off before the subject had been fully aired. Mr. Harman then moved to withdraw the statement NAIA filed with the Kefauver committee, on the theory that NAIA now has no policy in this matter. Mr. Slawsby ruled Mr. Harman out of order.

Arthur L. Schwab of Staten Island said he objected to the failure to debate the issue. Fred H. Johnson of Columbus echoed those sentiments. He said it was a shame to have to go back to Ohio, where agents face some tough legislative proposals, without a strong vote for the Kefauver legislation. He said one bill in the hopper at Columbus would provide limited licensing of auto dealers as agents. "We'll lick hell out of it," he promised.

Phillip E. Jester of Des Moines and William E. Webb Jr. of Statesville, N. C., both urged that NAIA does have a policy with respect to S. 839. The vote on the tabling motion was an expression of policy, Mr. Jester observed.

The general plan of attack on compulsory auto, Hayne P. Glover Jr. of Greenville, S. C., chairman of the anti-compulsory auto committee, reported, has been to:

—Develop an awareness among state associations that more and more pressure is building up for compulsory insurance.

—Lead states to organize in advance of legislative sessions to resist the spread of compulsory.

—Encourage state associations to recruit and train agents in every community to contact candidates for the legislature.

—Encourage state associations to organize speakers' bureaus to carry the message to as many organizations as possible, thus directly influencing legislative action.

—Continue to preach that accident prevention does not flow from compulsory insurance but from rigid traffic law enforcement.

Mr. Glover called attention to the all industry anti-compulsory program. He noted that the official position of NAIA is against compulsory but that no official position has been taken on the unsatisfied judgment fund or mandatory uninsured motorist endorsement.

However, the committee obtained and sent to all states the best available information on the pros and cons of UJF and mandatory UM.

Introduced In 18 States

As of April 15, compulsory bills had been introduced in 18 states. None has passed, nor does it appear likely that any will, he said. Three have been killed. Eight states have had UJF bills introduced, two of which

have been killed. Statutory UM was introduced in five states—in most instances with the approval or sponsorship of the state association. None has passed.

However, he said, it is expected that several states may pass and adopt in some form statutory UM.

Agency Cost Surveys

The New York and Iowa agency cost surveys have been completed, Floyd L. Rice of Warren, Pa., reported for the agency management committee which he heads. An Ohio study has been started and should be completed by the time of that state's annual convention in October.

The survey questionnaire and instruction sheet used in Iowa was compact and easily understood, he said. As a result, the response in Iowa was so effective that it took less than a month to obtain more than enough returns to complete the study in an accurate and effective manner. Results represented the actual cost situation in that state. This survey form is being used in Ohio.

The committee wants to obtain survey participation by at least two more states in the current year, Mr. Rice said—preferably one western and one southern state. However, since the budget of the committee is very limited in comparison with the multiplicity of its activities, it is asking that each state in which a survey is made help defray the modest costs of it.

The committee now is preparing a comprehensive survey of mechanical and electronic equipment as well as various other facilities utilized by agencies in accord with their annual premium volume. To help the committee in this project, a pilot questionnaire has been placed in the official portfolio of each national state director which he asked to be completed during the course of the meeting.

Property Committee Report

The need of agents for some organization to provide a competitive facility for semi-highly protected risks now is receiving special study, Frank R. Bell Jr. of Charleston, W. Va., chairman of the property committee, reported. This was learned by the committee in its March meeting with the executive committee of Inter-Regional Insurance Conference.

Inter-Regional indicated that such new programs as those dealing with nuclear energy and the new premium payment plans have not received uniform and widespread publicity. So the property committee agreed to experiment with informative releases in American Agency Bulletin.

Conferences with Inland Marine Insurance Bureau, Multi-Peril Insurance Conference and Inter-Regional have opened up new areas for joint review, Mr. Bell said. At the same time, special research projects continue within the committee.

The conference with IMIB dealt with many subjects. For example, agents for years have urged some uniformity in mercantile package forms with respect to the application of coverage on furniture and fixtures and improvements and betterments. This problem is receiving attention.

MIC presently is completely revising the commercial property policy, he said. The committee outlined agents' views on this item to MIC. This year the chairman of the casualty committee has participated in the property committee's meetings with MIC to get a full multiple peril view.

In conferences with Inter-Regional, material furnished by National Board of State Directors on dwelling rate filings has been helpful, notably those which eliminate water hydrants from consideration. IRIC is continuing its study of this subject, Mr. Bell said.

Casualty Unit's Research Projects

The casualty committee has 17 items on its agenda that involve National Bureau, seven in the area of National Automobile Underwriters Assn., and four with National Council on Compensation Insurance, Mr. Hatch reported as chairman of that committee.

The committee has submitted research papers on a combination motel policy, rating of class 3 private passenger cars by use rather than ownership, a filling station policy that will meet the competition in this field, and primary vs excess rules on private passenger cars. These are being considered by the bureaus and they have promised to give the agents their reaction at their next meeting with Mr. Hatch's committee.

Projects for research which have been asked by the bureaus include one on rating by territorial divisions, the present classifications of private passenger cars, owner permission in the driving of owned and rented automobiles, a more flexible keeper's broad form and its possible use for two locations, and a deductible for open stock theft with the possibility of a buy back provision. Not yet a research project but an item of growing interest is the merit rating of automobiles, he said. He asked agents to report to the committee on the situation in their states.

To promote flexibility in thinking and to get maximum utilization of

agent talent, the committee personnel is being changed from time to time during the year, Mr. Hatch said. This will also create a larger reservoir of important matters for consideration.

The committee is completely sympathetic with the acute problems facing the business today, he said. However, recognizing that the interests of agents and insurer managements are not always identical, the committee has emphasized that cooperation must reflect the interests of agents as well as those of the companies, he added.

Membership Is 34,021

Though membership has reached 34,021, the big problem, as usual, is that of dropped members, Kenneth H. Bair Jr. of Albuquerque reported as chairman of the local board and membership committee. Up to date this year, he said, "drops" total 1,229. The committee has organized NAIA into eight districts with each district under a member of the committee to conduct a program to stem the tide of drop-outs.

Mr. Bair recommended continued promotion of the active use of NAIA visual selling aid as a member-getter and drop-stopper. Also, the association should get more active participation of membership committeemen in the eight territories. Names of state membership members are being added to the committee's monthly report.

He would also like to see more publicity for the Connecticut membership trophy, more active promotions of new local boards, promotion of the Walter H. Bennett memorial award for local boards, and revision of the local board manual.

NAIA presently is considering the promotion of a course in selling for use by local boards, Mr. Slawsby reported. It is basically a local board and member-getting project. It involves a substantial investment by the association, $20,000, and NAIA wants to be sure that agents want it that much before it commits itself. He and Mr. Bair held two sessions at which they demonstrated the course.

Educational Activities

The education committee's Agent's Marine & Aviation Insurance Handbook and agency Management Look Book will soon be made available, according to the report of the committee. J. Norvell Trice of Richmond, Va., chairman of the committee, prepared the report but was unable to get to Phoenix because of illness. Cooper Cubbedge of Jacksonville read the report.

A new and comprehensive handbook for the neophyte, An Introduction to Insurance & Agency Operations, written by Dr. Curtis M. Elliott, chairman of the insurance and economics department of University of Nebraska, will soon be ready for publication. A series of articles in American Agency Bulletin will serve as a basis for a book, The Agent's Multiple Peril Insurance Handbook, soon to be published. In addition to homeowners, the book will include an analysis of the new commercial and industrial property floaters, the multiple location fire rating plan, and the special office contents form. Another handbook contracted for is The Agent's Fire & Allied Lines & Time Element Insurance Handbook.

The education department has been engaged in an extensive research of institutional and company education. In the collegiate and institutional field, the department is making a state by state listing of colleges and institutions offering insurance courses, types of courses taught, length in hours and weeks, degree credit, CPCU preparatory classes, tuition and fees, and existing graduate programs for advanced study.

Handbook On Courses Available

In the insurer field it is making a complete list of companies with agency training schools, length of training program, location of training centers or schools, number of training schools a year, eligibility requirements, number of trainees from an agency permitted to attend at one time, and out-of-pocket expenses to the agent, if any.

As to NAIA, the department is outlining the purpose of its educational program, the educational material it has available, how it can be used to best advantage (for daily reference or classroom study), how local board and state association classes and schools are organized, and local and state association scholarship programs—how they are established and what benefits they offer.

The results of this project will be published in booklet form. Thereafter the agent, established and prospective,

for the first time will have available in handy form the facts and figures on insurance education.

Mr. Cubbedge reported that 22 states have taken action, by legislation or ruling, against fictitious group insurance. The effort of agents has slowed the development and growth of these plans. Since there are and will be more new commissioners, he urged state directors to acquaint the commissioners with the group situation.

George Margraff of Philadelphia reported that in Pennsylvania a comparative negligence bill has been defeated. The agents hope for anti-fictitious group legislation, and they are confident that there will be no compulsory auto law, at least for two years.

Mr. Schwab suggested that it may be time for NAIA to study the problem of variations in the countersignature laws and to outline an NAIA policy in connection with them. Two principles are important, he said. Insured should be able to do business with the producer of his choice, and the producer who does the work ought to get the commission. Retaliation, on which many of the present countersignature laws are based, is not a good principle. Mr. Cross has compiled the laws and rules on countersignature.

Reports On Handicapped

Carlton Thomas of the headquarters staff read the report on employment of the physically handicapped prepared by Louie E. Woodbury, Wilmington, N. C., past president, who was unable to attend. The report emphasized that this activity is a fine way for agents to help themselves to prestige and help the handicapped to jobs.

George S. Hanson, general counsel, reported that the NAIA title has been filed with the U. S. patent office with the word "independent" included, as a precautionary move. It doesn't mean that NAIA is going to change its name now, he said.

Mr. Slawsby noted that the next executive committee meeting will be held June 24-27 in New York.

Stanley W. Greaves of River Edge, N. J., outlined the New Jersey association's traffic safety awards to communities in that state.

Calvert Chipchase of Honolulu invited NAIA to hold a midyear or national meeting there. Clarence H. Heuer of Reno urged the association to hold its annual meeting in 1965 in Las Vegas, where, among other things, they have a new convention center. Roger Chickering of Oakland pointed out that if NAIA waits that long, it will have been 10 years between meetings in the far west (Los Angeles in 1955).

Charles S. McNew Jr. of Pine Bluff, Ark., chairman of the finance committee, in his report noted that today the per member cost of operating NAIA is less than it was 10 years ago. On the basis of comparison with any organization, he declared, it is a very economical operation.

Lawrence Derby of Warren, Ark., reported for the committee to review the minutes of the executive committee.

Joseph L. B. Murray of District of Columbia was chairman of the resolutions committee and Harry W. Poulson of Boise of the steering committee.

Mr. Slawsby noted that Geoffrey A. Potter of headquarters has compiled a monumental summary of policies enunciated over the years by NAIA.

Davies In Production With National Union

Lawrence W. Davies has been named to the production department of National Union at the home office. He will have responsibility for standardization and simplificaion of field office operations.

N. Y. Agents Name Winner Of Fire Safety Contest

Massena volunteer fire department is the winner of the New York State Assn. of Insurance Agents' fire safety contest. The award, based on the fire prevention activities of both volunteer and paid departments, will be presented at the association's annual convention at Syracuse May 5.

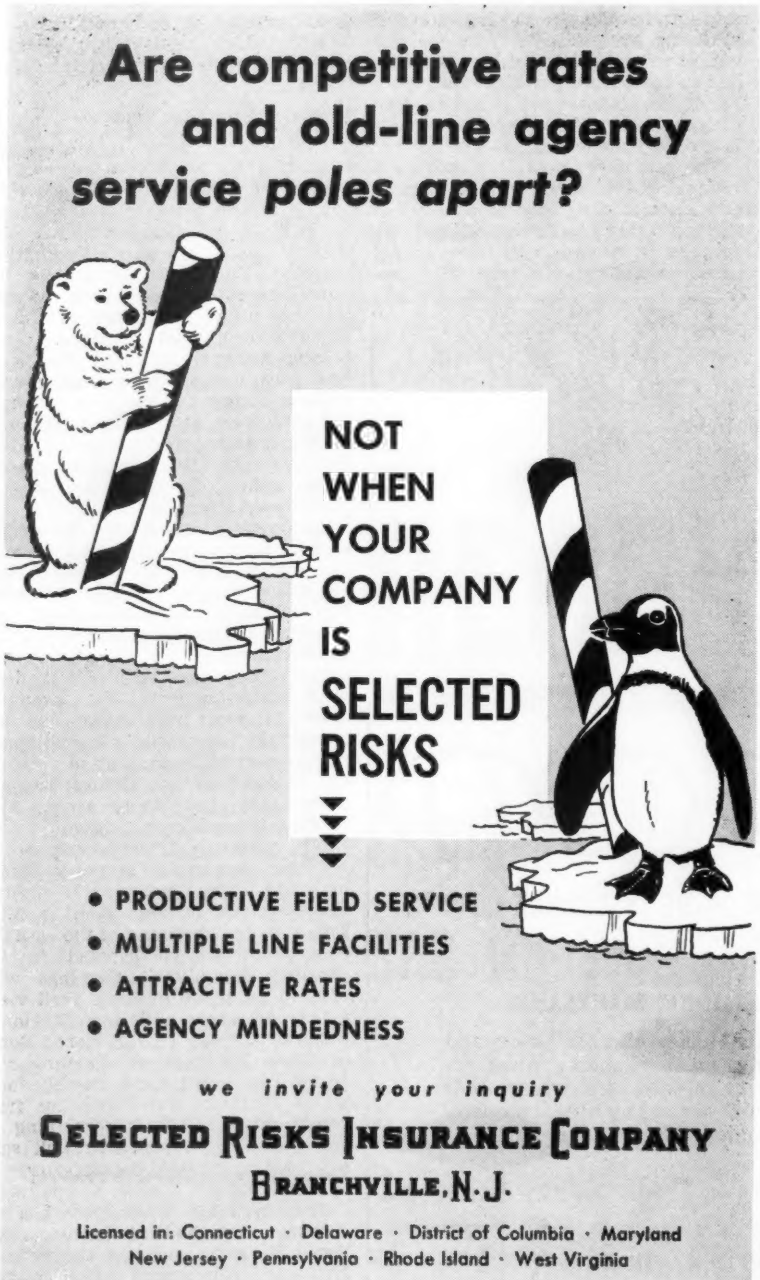
American Southern Moves

American Southern of Atlanta has moved into its new building at 56 Tenth Street, Northeast. An open house will be held May 29 to celebrate the move.

Hutchison Goes Independent

J. E. Hutchison has resigned as Pacific Coast claims manager of Houston Fire & Casualty to enter the independent adjusting field. O. S. Fuquay has replaced Mr. Hutchison.

F. Dewey Baker, who has been a partner in the Gummett & Baker agency of Juneau for four years, has been appointed vice-president of D. K. MacDonald & Co. of Alaska.



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County Conference Yields Range Of Ideas

(CONTINUED FROM PAGE 8)

forms, as in the fire business. Because filings, such as that for the auto policy, are for minimum liability requirements, each company can introduce variations in its policy. Endorsements and forms then are necessarily different. Agents still feel there is a chance for saving and greater efficiency if the companies standardized forms even though the expense saving might offset slight competitive advantages in coverage.

3. Earlier payment of balances. One leading company could make an additional $900,000 a year on investments if it were able to collect from agents 30 days sooner. The forum concluded that payment should never extend past 60 days and that serious consideration should be given to moving it up to 45 or 30. Agents extend too much credit, which is an expensive luxury. Probably earlier payment of balances would make agents better collectors.

Company Billing Necessary

4. Flat cancellations. One large company's service office showed not takens run 10 to 14%. This is too high. All must do something about it.

5. Direct billing. The general conclusion was that the present accounting system is cumbersome and expensive, the result of excessive duplication and inaccuracy, Mr. Wallace said agents feel they must accept some form of company billing. Companies can purchase machines to do the job more efficiently and more inexpensively than agents can. Also, certain companies furnish agents with prepared invoices, follow-ups, etc., along with policies. Apparently this has worked successfully and is worth consideration. One company man said direct company billing is probably the most efficient process and may be inevitable. Orange County agents are not completely sold on going this far for fear of losing contact with insured. But they conceded it probably is the cheapest way to get the money in.

Profit Sharing Suggested

6. Contingents. What about a contingent under which agents accept a lower initial commission but share in the profits for good underwriting and efficient operation? One company representative said there are serious pitfalls to this. An agent with a comparatively small volume or a little bad luck could have his profit wiped out and not have sufficient reserves to stand it. However, because of the incentives, agents believe the idea is worth studying.

7. Cheaper policies and/or renewal certificates. Paper used in policies is expensive. Companies could use cheaper and lighter paper for stationery and policies. Agents further strongly urged use of continuous policies and renewal certificates. This should result in great savings. Competitors do it.

8. Curtail free lunches and collect calls. Free lunches and cocktails for agents should be curtailed. A great many agents abuse the privilege of calling the company collect. Company men agreed and pointed out that many of these calls are made because agents either do not know something they should or have originated mistakes they think must be cleared up in a hurry by a collect call.

9. Agents should share in the cost of supplies. Agents now receive reams of supplies. Some they order, some they don't. A great deal is wasted. Were agents to be charged for stationery, pamphlets, etc., there would be a great saving in the supplies indiscriminately ordered but never used. The companies agree.

Small Volume Expensive

10. Too many small volume agencies. Companies are carrying agencies with too small a volume for profitable administration. This not only applies to small part time agencies, but to larger agencies which are doing too small a volume with a particular company.

11. Brokerage business. Agents were admonished to look carefully at the small volume many of them are accepting from small, part time brokers. A great deal of the business is bad. In addition to its substandard caliber, it is costing time to administer when agents should be developing their own accounts on which they get a full commission. Agents agreed.

Agents suggested that giving agents the privilege of issuing drafts would be beneficial to public relations and save the company expense, Mr. Wallace reported. However, a company representative demonstrated that an agent cannot issue drafts as cheaply as a clerk in a company office. Therefore the idea would not save money. However, agents contend the idea has merit. Also, companies argue that since they cannot trust all of their agents with drafts, they do not want

to discriminate by giving the privilege to a few. Agents think that if a company cannot trust an agent to issue drafts, they should not appoint him.

Better trained adjusters, especially in auto PHD, could save companies money. Some company-hired surveyors feel they must reduce an estimate to justify their existence. Therefore garages are prone to pad their figures to give the appraiser something to knock off. Adjusters able to check estimates competently would save the company money and improve public relations. Perhaps a group of companies could join to set up a drive-in claim service system similar to Allstate's.

Agents suggested that companies are not getting full value from some of their investigators. Instances were cited of insured investigated over long distance. Customers have become upset. Expenses are incurred and PR damaged. The best underwriting report the company can get is from the agents.

As to legislation, Mr. Wallace said the 90 hour education law has opened the door for a multitude of schools, attended mainly by persons associated with direct writers or by persons who become part time agents or brokers to solicit friends and skim off a little cream which should be the business of full time agents.

State Association Can Help

Anything the company can do for agents which assists them in getting out to see the public and produce more good business will be beneficial to the agent and company, he declared. The agency system needs more good agents and agencies. Good agencies operate with a minimum of expensive mistakes. Therefore, they are able to allocate more time to production. More efficient operations will reduce costs, more good business will improve loss ratios, both of which will bring down rates.

Any local organization would benefit from frank discussion with companies, he said. The state association should embark on a similar plan of sitting down with companies in a conciliatory atmosphere to work out ways and means of improving their competitive position. Agents face a serious problem, the urgency of which cannot be over emphasized. Remedial steps must be taken decisively and promptly, he said.

North America Awards Go To Nine Offices

Nine North America service offices have been cited for outstanding performance in 1958. Winners of the standard of service office performance awards were Buffalo, Carolina, Chicago, Detroit, Iowa-Nebraska, Newark, New England, Phoenix, and White Plains.

The awards are based on production, profit, control of expenses, and agency expansion.

Oakland (Cal.) Agents Meet

The new program of Underwriters' Laboratories for promoting a broader understanding of its operations publicly, was reviewed at the April 23 meeting of Oakland (Cal.) Assn. of Insurance Agents. Demonstrations of films and other features of the plan were presented.

The association is holding its annual outing and golf party at Mt. Diablo Country Club, including other outdoor and indoor sports and games, closing with a dinner. This affair attracts a large number of company executives and field men from Pacific department headquarters.

Ga. Agents' Card High On Education

Georgia Assn. of Insurance Agents will hold its annual convention May 27-29, at Biltmore Hotel, Atlanta. The theme of the meeting will be "Learn To Earn."

The program will include talks by Hayne P. Glover, Jr., Greenville, S. C., member of NAIA executive committee, on "Learning to Live with Today"; Rutherford B. Ellis, president of Southern Insurance Information Service, on his organization; Gus Naumann, Atlanta, chairman of the public relations committee, on the "Big I" advertising program; Dr. Kenneth Black Jr., chairman of the insurance department of Georgia State College, on the importance of learning; and William H. Quay Jr., president of Atlanta chapter of American Society of Insurance Management, on problems of an insurance buyer.

Four panel discussion sessions are planned. They will cover insurance education facilities available to agents; automation and direct billing; methods of financing premiums, and practical tie-in advertising programs.

Newspaper Chain's Series Scores Credit Cover's Cost

The Scripps-Howard newspaper chain has been running a series of feature articles attacking the high prices charged by some lenders for life and A&S creditor insurance.

The writer of the series, Jack Steele, started out by contrasting the cost of individual life insurance wih group life coverage. He quoted a conclusion by National Assn. of Insurance Commissioners that "the premium charge for individual credit life insurance should not differ essentially from that of group."

Blake Joins Great Southwest

John T. Blake has joined Great Southwest Fire of Phoenix as executive vice-president and general manager. He succeeds William R. Snyder, who is retiring to establish his own business.

Mr. Blake has been with Gulf of Dallas, for which company he established a casualty organization on the Pacific Coast, and with Arrowhead of California supervising all operations, and Balboa, another of the Seaboard Finance companies.

Great Southwest Fire in the last two years has entered five new states in a broad expansion program.

Harry Clausen, assistant to the administrative vice-president of W. A. Alexander & Co. agency, was speaker at the April meeting of **Property Insurance Personnel Council of Chicago.** His subject was management development. James T. Ryan of Firemen's Fund, was chairman of the meeting.

Editorial Comment

Almost Four For A Penny

The report of the central forms committee, which handles the production and distribution of forms and endorsements under the old comprehensive dwelling and homeowners and the new homeowners programs, for Multi-Peril Insurance Conference, constitutes, in its dry, factual way, an editorial on paper work and paper production.

In 1957 the committee produced 43,214,327 forms at a total cost of 2½ for a penny. In 1958, with the new homeowners requiring a heavy stockpiling, the committee placed in the hands of users 92,960,912 forms at a total cost of one cent for 3¾ forms.

This was done in spite of increased costs in the printing business and in spite of the fact that because of the slow approval of the new forms by the states, MPIC has to keep on hand adequate supplies of old forms.

It is not surprising that the committee was able to say, in its annual report to 436 subscribers, that "as a result of close liaison with MPIC, the material for use with the new homeowners program has been developed on the most economical basis possible. Recognizing the advantages of a reasonable amount of uniformity, we have tried to keep the number of variations in forms and endorsements to a minimum within statutory and regulatory limitations."

In closing, the report concedes that there is always room for improvement and invites suggestions. One would be to keep up the good work. Committee members are America Fore, Hartford Fire, Home, Northern Assurance, Norwich Union, and Yorkshire, with American Manufacturers Mutual as liaison representative. John Glendening of Home is chairman.—K.O.F.

Doctor, Lawyer, Merchant, Chief

The independent agents are in the midst of a struggle to collect enough money to create, through advertising the Big I, a favorable public image of their function and service and thus meet the competitive struggle that continues to mount in intensity.

Agents may have observed that the two professional groups with which they like to compare themselves, lawyers and doctors, also are concerned these days with the problem of public relations.

With the lawyers things have become so bad that New York State Bar Assn. has retained a professional public relations firm to attempt to restore a favorable public image.

Currently the doctors are having their difficulties with the public revealed in a series of articles in the Saturday Evening Post.

Interestingly enough, the problems of the doctors and lawyers have arisen in connection with, if not at least in part as a result of, insurance: The doctors in connection with malpractice liability and the lawyers in connection with their vigorous (and allegedly over-zealous) pursuit of the top dollar of liability insurance limits in negligence cases.

Lawyers are charged by their own fraternity with abandonment of their judicious responsibilities in the pursuit of all the economic rewards the traffic will bear. Though they do not take the Hippocratic oath, as does the doctor, they are in theory if not in practice arms of the courts and as such presumed to be under all circumstances interested in seeing to it that justice to all parties is done.

Somewhere along the line the theoretical public image of the lawyer as a counselor skilled in and intent on the measurement of all the values in a situation and their distribution accordingly has become somewhat blurred, if not distorted. At worst, the picture of the lawyer created by newspaper and other reports is that of a shyster conniving with venal garages, unprincipled doctors, and money hungry adjusters and claims men to defraud insurance companies. At best, the picture is one of a clever advocate, with a closet full of skeletons, plastic livers, and other demonstrative evidence, seeking with skill and persistence the big award—at first in the hundreds of thousands of dollars and now in the millions.

Fortunately, there are a great many attorneys of high ability, ethical character, and disciplined motives who are maintaining some of the pillars of a society based on law. If these attorneys sometimes get discouraged at the modern drift toward professional profit takers, and at the sometimes meager share of economic rewards that character commands, they are doing a job and should be more encouraged in it.

The image of the doctor as a kindly, presumably skilled, healer sitting patiently through the night by the bedside of a sick child has been altered substantially by scientific analysis and repeated public appearance as he is sued for burning the patient, or sewing a sponge in an interior, or prescribing a noxious instead of a beneficent drug. Scientific analysis shows that the doctor most successful at healing is one who has an analytical (rather than a sentimental) mind, capable of dealing with the complexities of disease and bodily disaster and of applying the complicated patterns of modern curative materials and procedures. Court cases in which doctors have been sued demonstrate that doctors can make mistakes in medicine and surgery. It also has been suggested that some doctors are so cold and unfriendly, or at least impersonal, with their patients that the patient becomes resentful and antagonistic—and when the treatment fails to produce the full cure the patient expects, or results in further distress, even though the doctor may not be negligent in any respect, the patient will sue.

But who can do without a doctor? And that the vast majority of them are competent men, interested in the well being of their patients, is in part attested by the steady rise in life expectancy that has taken place in recent years. Few are quacks, relatively few are careless and incompetent, few are venal and conniving.

Agents in their turn have been pictured in recent times as lazy, careless, unskilled, and ineffective, interested in doing less and less for more and more. They have been charged with not underwriting and with not selling, so that competitors have taken most of their good business away from them and left them with risks most likely to produce losses for their companies.

But here, too, the image of the independent agent has been created by the poor ones. Fortunately there are a vast number of intelligent, hard working agents who perform a vital service for their clients and who perform the combined function of merchandising and underwriting to the satisfaction of insurer and their own business.

The best way the public can protect its own legal rights, physical well being, and economic security is to put itself wholly in the hands of those lawyers, doctors and agents who give the most of the best of themselves in their professions. And we hope the public learns to do it.—K.O.F.

Personals

Allen H. Talmadge, independent adjuster of Athens, Ga., is confined to bed following an operation. For some years he held executive positions with North British at the home office and on the Pacific Coast where he subsequently became manager for American. More recently he was with Houston F.&C. and with Pacific National before entering the adjusting business.

Jess Strauss of Strauss, Grossman & Friedman, New York City brokers, has been given command of the New York wing of the Civil Air Patrol, an auxiliary of the air force. Mr. Strauss, who holds the rank of colonel, has been deputy commander.

Price M. McCulley of McCulley Adjustment Co. has been elected a member of the presidents' council of American Institute of Management, a non-profit educational and research organization interested in advancement of management. The institute's studies are concerned with over-all management functions and corporate policy, designed to educate both executives and the public in the principles of management.

Philip D. Caplis, president of Caplis-Hielscher, Lloyds representatives of Chicago, and Mrs. Caplis are celebrating the arrival of their fourth child, Philip D. Caplis Jr.

Cameron Brown, president of George F. Brown & Sons, Chicago, departed Saturday for London to visit with London correspondents and underwriters at Lloyds. He will stay approximately two weeks in London and then will tour Russia for 10 days, returning to the U.S. via the polar route.

Harold J. Monger, president Process Gear Co. of Chicago, has been elected a director of Municipal of Chicago.

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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CHANGE OF ADDRESS

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Deaths

JAMES H. BREWSTER JR., 76, retired vice-president and treasurer of all Aetna Life affiliated companies, died at Hartford Hospital. He had continued as a director.

JOHN P. OLD Jr., 50, treasurer of Michigan Assn. of Insurance Agents, died May 1 while visiting the home of a friend. Mr. Old was one of the principals of the Old, Murphy & Old agency of Sault Ste. Marie. He was president of Sault Ste. Marie Assn. of Insurance Agents and was a past president of the Upper Peninsula Assn. of Insurance Agents, and for years was one of the active spirits who kept the upper peninsula association functioning.

John P. Old Jr.

As treasurer of the Michigan association, Mr. Old was in line for the presidency. His selection as a future president was popular throughout the state. Mr. Old had worked as a director of the association for some time, had attended conventions faithfully and was one of the best known agents in Michigan. He would have been a second generation president, his father having had that office in 1919.

Mr. Old joined his father in the agency business at Sault Ste. Marie in 1929 and continued in that agency until 1956 when he combined the Old agency with Aikens-Murphy to form the present Old, Murphy & Old Agency in which his son, John P. Old III, is an active partner.

R. HOWARD BLAND Sr., 79, honorary chairman and for 52 years a director of U.S.F.&G., died. He was president of the company from 1923 until 1932 when he became chairman. In 1955 he was named vice-chairman and in 1956 honorary chairman. Mr. Bland, who was the son of John R. Bland, founder of the company, was president of Surety Assn. of America in 1927-28.

CHARLES J. LUND, 87, retired manager of Fire Underwriters Inspection Bureau of Minneapolis, died at his home after a lingering illness. He was with the rating bureau for 43 years until his retirement in 1951.

Mr. Lund's insurance career started in 1889 with North British at Minneapolis. Two years later he joined Josiah Thompson Jr. in a local agency in Minneapolis, and in 1894 he went with Atlas. He was chief clerk in the western department of Greenwich from 1900 until 1902, and then was chief clerk of Milwaukee Fire for about a year until returning to Atlas as chief clerk. He moved back to Minneapolis in 1907 and joined Minnesota-Dakota Fire Underwriters Inspection Office, the predecessor of Fire Underwriters Inspection Bureau. He was made manager of the bureau in 1929.

Mr. Lund was a past most loyal gander of Minnesota Blue Goose.

WILLIAM D. VAN DYKE Jr., 65, president of Mineral Mining Co. and trustee of Northwestern Mutual Life, died at his home in a suburb of Milwaukee.

Since 1932 Mr. Van Dyke had been a trustee and member of the finance committee of Northwestern Mutual, of which both his father and grandfather had been presidents and trustees (John H., president 1869-74; William D., president 1919-32). He had been a member of Northwestern National's executive committee since 1940.

H. MARSHALL ROBERTSON, 69, chairman of General Security Assurance, died of a heart attack at the Gladstone Hotel in New York. He began his insurance career in England with Heckscher & Pearson which was later absorbed by Sterling Offices of London. After World War I, he went to Canada to form Sterling Offices Ltd., and in 1924 he organized the U.S. office of the same firm. Later he was president of Lion Fire of New York. In 1930, Mr. Robertson became U.S. manager of General Fire of Paris. In 1941, he was named president of the successor firm, General Security Assurance, and in 1958 he became chairman.

ESTES DOREMUS, insurance attorney and partner in the Atlanta law firm of Smith, Field, Doremus & Ringel, died.

GEORGE W. SWALLOW, director and retired treasurer of New Hampshire Fire, died after a long illness. He retired in 1953.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, May 5, 1959

	Bid	Asked
Aetna Casualty	196	200
Aetna Fire	73	76
Aetna Life	250	255
American Equitable	42½	44
American (N. J.)	26	27
American Motorists	20	22
American Surety	19	20
Boston	33	34
Continental Casualty	132	134
Crum & Forster	75	77
Federal	68	70
Fireman's Fund	56	57½
General Reins.	76	79
Glens Falls	38	39½
Great American Fire	40	41
Hartford Fire	183	186
Hanover Fire	39	41
Home of N. Y.	50	51
Ins. Co. of No. America	138½	140
Jersey Ins.	35	38
Maryland Casualty	39	40
Mass. Bonding	32	33
National Fire	135	Bid
National Union	42	43½
New Amsterdam Cas.	49	51
New Hampshire	46	48
North River	43	45
Ohio Casualty	32	Bid
Phoenix, Conn.	82	84
Prov. Wash.	21	22
Reins. Corp. of N. Y.	20½	22
Reliance	48	49½
St. Paul F. & M.	58½	60
Springfield F. & M.	104	106
Standard Accident	56	58
Travelers	87½	89
U. S. F. & G.	84	86
U. S. Fire	30½	32

Commission Report By N. Y. Mutual Agents

Results of an automobile commission questionnaire sent to members of Mutual Agents Assn. of New York State were presented at the annual meeting at Syracuse. Replies were received from 500 members—approximately half of the eligible membership.

Results revealed that the majority replying feel that the subject of auto commissions is within the province of association activity, but many agents believe the question should be confined to discussion and liaison efforts with companies. Many agents said they were unaware of the California agents' suit against the companies. The majority did not feel the California agents would gain by the court action.

An impressive number of agents felt that commission concessions were necessary to insure competitive dividends and deviations. Despite commission reductions, a large majority said their present commission scales would be adequate if auto rate increases were granted.

There was a fairly even distribution of opinion on dividends vs deviations on auto policies. While there was an overwhelming preference for continuous policies, an equal number was opposed to direct billing. Relatively few agents reported that companies had withdrawn auto facilities.

—

Donald and Joseph Stautberg, formerly vice-presidents of the Thomas E. Wood agency at Cincinnati, have organized their own local agency. It will be known as Stautberg Insurance Associates with offices at 4811 Vine Street.

Cite Value Of Bonds In School Operations

The importance of surety bonds in school construction and administration highlighted a panel discussion at the conference on educational finance and school business administration at New York University. Participants were James M. Henderson, Fidelity & Deposit, and John F. Fitzgerald, Surety Assn. of America. E. Vernon Roth, of the association, was moderator.

Mr. Henderson said that school boards should require sufficient guarantee from those who bid for construction contracts. The guarantee is usually in the form of a bid bond. Such bonds stabilize the quality of bidding, because irresponsible contractors are eliminated by careful surety underwriters.

Mr. Fitzgerald noted that a prime duty of school officials is protection of school money and property. There are many hazards, but one of the most important causes of loss is through malfeasance, misfeasance or nonfeasance of officers or employes of the school.

In most states, statutory bonds are required from designated officials. Other officials may be required to give an individual bond. A blanket bond is the best guarantee that all officers and employes, other than those specifically excluded, are covered.

Mr. Roth pointed out that whenever a school district is authorized to raise funds through a bond issue, and the bonds are marketed through a securities dealer, there is a period during which proceeds are in the hands of the school board treasurer or other financial officer. A new form of surety bond has been developed to protect these funds prior to disbursement. It is vital that the custodian be bonded, Mr. Roth concluded.

—

Albany Office Of Hartford Fire Shifted To Suburb

Hartford Fire has moved its Albany office to a new building at 161 Delaware Avenue, Delmar, a nearby suburb. The company's new building is a one-story colonial structure with 14,000 square feet of floor space, off-street parking for more than 50 vehicles, and lunchroom facilities for the 100 staff members. The Albany office is managed by Arthur A. Stevens of Hartford Fire, Warren A. Wilson of Hartford Accident, and C. F. Nevens of New York Underwriters.

Tenn. Mutual Car Rates Up

Following a public hearing, Commissioner Long of Tennessee approved Mutual Insurance Rating Bureau's filing for automobile liability rate increases of 15.6% on private passenger cars, 12.3% on commercial vehicles, and 24.5% on class one garage risks. The boosts bring mutual rates into line with those of stock companies.

Why, Wherefore Of Bureau's New Safe Driver Auto Plan In Cal. Related By James M. Cahill

James M. Cahill, secretary of National Bureau, in an address prepared for the annual meeting of Midwestern Independent Statistical Service, last week in Chicago, reviewed the bureau's new safe driver plan which went into effect in California May 1.

Illness prevented Mr. Cahill from attending the meeting. His paper was read by Harry H. Fuller, midwest manager of the National Bureau.

Answers Public Demand

There has been public demand of long standing for a safe driver insurance plan which will produce a substantial difference in the price paid by insured who are not accident prone vs those who are, Mr. Cahill said. Between 1929 and the current developments, the National Bureau companies introduced at intervals four different types of plans, none of which operated particularly successfully.

Despite unsatisfactory results with previous merit rating plans, the National Bureau companies have kept as a continuing item for attention the development of a workable individual car rating plan which would properly distinguish the good from the poor risks and encourage drivers, for financial reasons, to be extra careful to obey the laws and thus be safer drivers. Mr. Cahill said the "Safe Driver Insurance Plan" now in effect in California is believed to be sound and practicable. It will be desirable to experiment with it in California for a time to find out whether it has weaknesses or defects that should be remedied before it is extended to other states. As a matter of fact, he noted, several substantive changes have been made since the plan was first announced. The plan, Mr. Cahill stressed, is designed to produce more competitive rates for the better classes of risks so that bureau companies will not be faced with an ever worsening cross-section of business. Although the rates for the risks with a clean record will reflect a 20% saving, this is not a cut-rate proposition. It is anticipated that the plan will operate on a balanced basis because enough additional dollars will be collected through the substantial surcharges on risks with bad motor vehicle records to offset in the aggregate the credits allowed the risks with good records. Not only will this treat individual risks in a more equitable manner, but it should tend to strengthen the market for all categories of risks. The companies have always been willing to write the good risks; they will want to write those entitled to the 20% credit but they should also be more willing than heretofore to write the remaining risks for the reason that they will now get a rate more commensurate with the known hazard.

Operates Strictly On Records

This plan differs from other plans in that it operates strictly on the basis of the motor vehicle operating records of the insured and the other operators of the car who are resident in his household. Mr. Cahill pointed out that it does not depend solely on whether automobile losses have been caused an insurer. In essence, it is based on whether the insured and the other operators of the car who are resident in his household have been involved in auto accidents producing bodily injury or death, or damage to property, including his own, in excess of $50; and moving traffic violations.

The plan is based on the theory that past involvement in accidents and convictions of moving traffic violations provide an index of the chance of involvement in an accident in the future. Therefore the plan requires the use of operators' conviction records as well as their accident records as an element of rating.

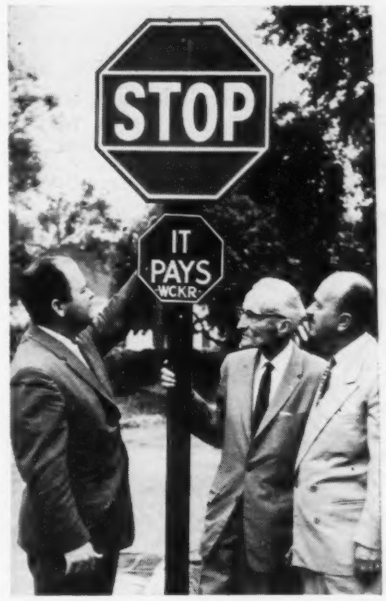
The plan applies in the rating of all private passenger automobiles that are eligible for coverage under the family automobile policy plus assigned risks which would otherwise be eligible for family auto. Coverage is for BI, PDL, medical payments, and collision.

One driving record point is assigned for each moving traffic violation for which the applicant or any operator of the vehicle resident in the same household has been convicted as a result of operating any private passenger type automobile.

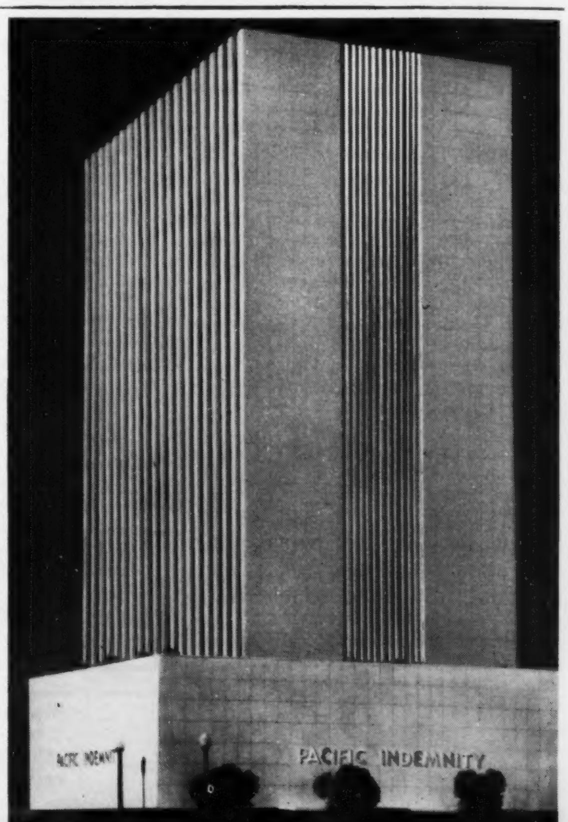
One point is assigned for any auto accident involving the applicant or any operator of the vehicle while operating any private passenger type automobile, resulting in damage to any property, including his own, in excess of $50 or in bodily injury or death.

However, the point assigned for an accident shall be waived if the applicant furnishes motor vehicle records proving that (a) the operator of the other automobile involved in such ac-

(CONTINUED ON PAGE 36)



Officials of Greater Miami Insurance Board inspect "Lucky Stop Sign," key point of a new traffic accident prevention campaign. From left, are Robert Hosford, safety committee chairman; Herbert N. Crowder, board president; and William F. Kelen, executive committee advisor. Co-sponsored by the board and Miami radio station WCKR, the safety promotion will distribute approximately $1,500 during the coming year to motorists who spot the sign at its new location every weekday and are first to telephone the location to the radio station. The sign is relocated daily by the metropolitan traffic and transportation department at high-accident intersections.



The architect's drawing of the new home office of Pacific Indemnity at Los Angeles shows the tower effect created by the upper 13 stories. The 16-story building will provide 234,000 feet of floor space, and Pacific Indemnity will occupy the basement, six floors and a portion of two others. The employes' cafeteria will occupy the third floor by the landscaped terrace. Construction will begin in October.

Pans Communications

W. T. Akers Jr., Akron, O. agent, writes:

With regard to the article, "Bureaus To Launch Unusual California Auto Rating Plan As Experiment"—what a sad commentary it is on the lack of communications between companies and agents and on duplicated, useless expense as well, when you report that the bureaus did not know the agents were working on a similar plan.

Must those in the business always be prima donnas and insist that nobody else ever has a good idea?

The bureaus may be interested to know that rating in France has been dependent for many years on the length of time a driver has been licensed.

No Coincidence Underwriters Ask Same Questions

The seasoned underwriter knows that his function is to find good reasons to write business, not to search for reasons to decline it, Paul V. Hartelius, vice-president of America Fore Loyalty told the spring insurance conference of American Management Assn. at New York.

The underwriter has a considerable amount of pertinent information concerning the buyer's business and the risk involved in the operation, he declared. The underwriter knows the loss ratio for a particular type of business in each state and countrywide. From maps and reports close at hand he has data as to fire protection, construction of the property and special hazards. Credit reports are as near as his telephone. The engineering or inspection department of his company is ready to assist him with any additional details on physical conditions. It is not a coincidence that underwriters for most insurers look for identical information when considering the acceptance of a risk. Experience through the years has placed in focus those factors which mark a risk as acceptable.

When all known factors have been considered and placed in proper perspective another element enters the picture, Mr. Hartelius said. For lack of a better name, it is called "underwriting judgment."

Factors To Be Weighed

In order to consider intelligently the individual risk or application, certain elementary information, available only from insured, is important to the underwriter, Mr. Hartelius noted. But when one considers the variety of coverages, tailormade for the needs of the manufacturer, the wholesaler, the distributor, the retailer, the landlord, the service organization and the householder, the underwriter needs an answer to many other questions. The qualified broker or agent knows the questions and looks to buyers for the answers. That is an important part of his job and a measure of his service to the buyer and the insurer.

Wetzel Heads Utah Bureau For WIIS

Scott Wetzel, head of Scott Wetzel & Co. adjusters of Salt Lake City, is leaving New York this week for his annual trip to visit underwriters at London Lloyds. Scott Wetzel Co. acts as assessors in the inter-mountain states for Lloyds.

Scott Wetzel

Mr. Wetzel last week was appointed chairman of the Utah speakers Bureau of Western Insurance Information Service. WIIS has expanded its program to include Utah and now operates in 11 western states. Similar operations have been put in effect in recent months in Nevada, Arizona, New Mexico, Colorado and Idaho.

Washington County (R. I.) Board of Underwriters has elected Francis C. Lathrop president; John Conti vice-president; Robert Brown secretary-treasurer, and Louis Panciera representative of the state association.

Gov. Brown Of Cal. Favors Bill To Hike WC Benefits

Gov. Brown of California has given his blessing to a package deal which would increase workmen's compensation benefits—and also premiums by $25 million.

The bill, which has been approved by the finance and insurance committee of the assembly, provides for an increase in WC benefits for temporary disability from $50 to $65 a week and for permanent disability from $40 to $52.50 a week. Death benefit for a widow with dependents is raised from $15,000 to $20,500, to a widow from $12,000 to $17,500 and to a partial dependent from $12,000 to $15,000. Burial allowances go up from $400 to $600.

The package was reportedly developed by representatives of industry, labor and insurance at the legislature, presumably to avoid a battle royal over some 36 bills aimed at varying rates of increase in benefits. None of the parties to the final agreement are reported to be completely happy. San Francisco and Los Angeles Chambers of Commerce have launched a battle to kill the measure in the senate, which is usually more conservative but of a different political hue this year.

McConnell To Remain As Cal. Commissioner Until End Of NAIC Meeting

Gov. Brown of California has asked Commissioner McConnell to remain in office at least until after the annual meeting of National Assn. of Insurance Commissioners in Boston beginning June 8.

Early in March it was reported that Edmund C. Cooke had been appointed to succeed Mr. McConnell, but that was premature. Mr. Cooke, a Los Angeles attorney and southern California campaign manager for Gov. Brown, is regarded as one of the prospects to take over when Mr. McConnell goes out of office.

Sheehan To Be Feted

Cyril C. Sheehan, outgoing Minnesota commissioner, will be guest of honor May 18 at a testimonial dinner in Minneapolis given by the insurance industry.

Mr. Sheehan is the new executive vice-president of Guaranty Security of Minneapolis. He was commissioner from 1953 until he was succeeded last month by Cyrus E. Magnusson.

Harold J. Cummings, president Minnesota Mutual Life, will be master of ceremonies at the Sheehan testimonial dinner. Reservations and ticket sales are being handled by R. B. Purcell, secretary Anchor Casualty.

The guest list includes Gov. and Mrs. Freeman, Lt. Gov. and Mrs. Rolvaag, and Commissioner and Mrs. Magnusson.

Martin Is Claims Manager

Michigan Millers Mutual has named Bernard R. Martin California claims manager at Glendale. He has been partner of Johnson & Martin, Los Angeles independent adjusting firm, and before that was with Employers Liability and America Fore.

The **Meritmatic** plan for automobile insurance, which is written in American Guarantee of the Zurich-American group, has been approved in Minnesota. It is now in use in seven states.

Service Guide

Production Cost Committee Reports Findings

(CONTINUED FROM PAGE 1)

of commissions with their companies."

"We should bear in mind," he added, "that cold, hard facts of economics will eventually determine the winner in these arguments. We should realize that in the very nature of things, companies will always press for lower commissions. This, of itself, should not alarm or disturb us, because doesn't each of us bargain for lower prices on almost everything we buy?

"We should, however, keep our eyes focused on the hard core of facts and reason which will permit us to withstand these bargaining pressures on the one hand, and, on the other, remain alert to the necessity of maintaining a climate in which this bargaining can be freely conducted at all times," Mr. Wilson declared.

"If we are to hasten the solving of our present dilemma, we need to have a lot of straight, serious thinking and a lot of unselfish cooperation on the part of all—and that includes company executives, bureaus, supervisory authorities, and agents," he said.

Uses NAIC Expense Breakdown

One of the first steps his special committee took was to furnish each member of the committee with a copy of the National Assn. of Insurance Commissioners' pamphlet, Instructions for Uniform Classifications of Expenses of Fire, Marine, Casualty, and Surety Insurers. This sets out the great many items that are included in "acquisition, field supervision and collection expenses," such as commissions, soliciting and procuring business and developing the sales field, writing policies and checking and supervising policy writers, receiving and paying commissions, recording premiums and commissions, collecting premiums, advertising, field, and many others.

Early in its study the committee found that the present accounting terminology used in rate making was both so inadequate and variously interpreted as to be nearly meaningless, Mr. Wilson reported. Consequently, the committee had to direct its attention to total expense ratios.

The committee became satisfied that the bulk of the difference in experience between direct writers and agency companies is in losses and not expenses. Expense ratios for the two kinds of companies are virtually identical.

On the committee's recommendations, NAIA retained J. J. Smick, consulting actuary of New York. He critically analyzed filings made by National Bureau and National Automobile Underwriters Assn. Lyman L. Winter of Jefferson City, state national director of Missouri, reported that Mr. Smick was able to find errors in the bureau's computations for that state. Mr. Winter reported to Mr. Wilson:

"What I am really trying to point out is that the 'holier than thou' position of the bureau has definitely been shattered."

Figures On Market Position

Mr. Wilson added that Lawrence F. Smith, research director of NAIA, has developed some additional information that will be another contributing factor to this "shattering."

Insurers have emphasized that in recent years bureau companies have lost a big share of the total automobile volume and their market position in this field has deteriorated alarmingly. But Mr. Smith and the NAIA staff have developed information to show that this is not the case. National Bureau companies in 1951 wrote 53.4% of the total auto liability business. However, the companies that were bureau members in 1951 and that were still members in 1956 wrote 47.2% of the total in 1951 and 45.6% of the total in 1956, for a 1.6% loss of market position.

This is not, Mr. Wilson declared, alarming—particularly since most of these companies definitely have limited the amount of auto liability business they will accept. National Bureau has not commented on these figures, though the committee submitted them to the bureau for that purpose.

Battles-Woodbury Formula

The committee assigned Mr. Smick to study the formula developed by Robert E. Battles of Los Angeles and Louie E. Woodbury of Wilmington, N. C., past presidents of NAIA, several years ago. The formula indicated that the difference in rates, bureau companies vs direct writers, was due to losses and not to commissions.

Mr. Wilson reported that Mr. Smick was unable either to prove or disprove this contention. However, the matter will be further discussed by the committee with Mr. Smick.

The committee widely circulated the letter of Commissioner Zack Cravey of Georgia which in effect said that no company had the right to use an approved filing to reduce commissions.

"One of the prime interests of our committee will be the outcome of the suit pending in California," Mr. Wilson said.

With the exception of Arthur L. Schwab of Staten Island, members of the committee felt that there might be some dangers in the "fair and reasonable" agent's compensation legislation which passed the New York legislature but was vetoed by the governor.

Pattern Of Alternatives

The committee has concluded that it cannot recommend a set national program, Mr. Wilson said. But it believes it can develop a pattern of alternative programs, each to be furnished state associations on request. To accomplish this, the committee decided to publicize and make available certain related and helpful material. For example, if the Alabama filing situation is resolved favorably to agents, a report on it will be prepared, publicized and furnished state associations. The filing in that state was for slightly increased rates with a reduced production cost allowance, to become effective Feb. 4. Agents opposed the filing. As of the time of the Phoenix meeting, Mr. Wilson said, it had not been acted upon.

The committee decided to amend its previous recommendation to attack any "concert of action" commission reduction to reflect the outcome of the agents' suit in California.

It has been publicizing the Cravey letter.

If requested by an association, the committee will advise that the "aggregate" expense" type of filing is preferable to that which reduces the acquisition cost factor as such, with the understanding that NAIA would not recommend either type filing since both are used as a vehicle to reduce the agent's commissions. In isolated instances, National Bureau has followed the pattern established by those bureaus cooperating in the filing of the homeowners policy calling for a reduction in "aggregate expenses" and not in acquisition costs.

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Arnold Chait, New York excess-surplus line brokers, has moved its office to larger quarters at 116 John Street.

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The Northern New Jersey service office of **Pacific National** has been moved to 1416 Morris Avenue, Union.

Relates Insurer's Experience With Electronics

(CONTINUED FROM PAGE 19)

are set up in this up-dated file to be pulled 90 days prior to the effective date. From this card a new up-dated card is produced and the preceding one is processed through the machine to produce a charge against the agent's account on the anniversary date of the policy. This is partly a manual operation because, as yet, there is an insufficient number of cards to be treated as a group on a monthly basis.

One major saving is quite obvious here in that the underwriting department has nothing to do with the policy from the original issuance date on. As a service to the agent the company sends a billing 60 days prior to the anniversary date. Even this could be eliminated without trouble. However, because this was a new procedure, it was believed better, at least for a time, to advise the agent in advance so that he could expect this charge on an anniversary date of the policy.

One difficulty, not foreseen, was on non-renewal of the policy; that is, a request for termination on the anniversary date. Since no charge has been processed, it is impossible to send through the usual cancellation form coded so that IBM can produce a cancellation card resulting in the elimination of the original statistical card in the up-dated file of the IBM accounting department. As a temporary measure and only because of the limited number of these cards, the accounting department is being directly advised by Speed-I-Memo that the policy is to be terminated and the card removed manually. With an increase in volume, some other procedure will have to be developed.

Mr. Murray said that when extreme care is taken in initiating a program of continuing policies there is little or no effect on internal operations. There is full acceptance by agents and insured. The conclusion is that a continuing policy saves time and dollars, and is readily accepted.

Research showed that there is a moderate change in policy in three years and a definite change in five years. These are averages, and one policy may have an excessive number of changes while another hardly any. Since it would not do to have nisured's policy cluttered to a point of complete unintelligibility, a specific date of policy replacement should be established. Tentatively, he said, his company has set five years as a maximum for the original policy to remain in the hands of insured. This means that on the fifth anniversary it will be necessary to replace outstanding policies on anniversary dates. Since this is not done all at once, such a program should present little difficulty.

Other Policies To Go Continuous

Eventually, he said, the company believes that practically all policies, with the possible exception of comprehensive general liability and workmen's compensation, will be placed on a continuing basis.

There is little potential with casualty policies as far as the electronic computers are concerned, he said. Undoubtedly, some companies have enough volume to program casualty business through an electronic computer. His company, however, and many others simply do not process a sufficient number of policies in these lines to warrant use of the computer, aside from automobile. His casualty department processes approximately $1,150,000 worth of business in WC, general liability, burglary and plate glass. The largest line, WC, has an annual policy production of approximately 5,000. Obviously, this number is far below the capacity of the machine, which can handle 5,000 units of production a day. It would be uneconomical to try to process any line of business that did not develop between at least 1,000 to 5,000 units per month. Programming of business through the computer is difficult, and the end result must pay for the effort expended.

Reliable Promotes Two

Reliable of Dayton has promoted John D. Chestnut to underwriting secretary and Frank L. Smith to assistant secretary.

Mr. Chestnut, stationed at the executive offices in Miami, will continue as underwriting supervisor of all fire business written outside Florida by the American Equity group, of which Reliable is a member.

Mr. Smith, who has been marine manager in Miami, will continue as underwriting supervisor of inland marine and package dwelling business written by the group.

Tapley Opens Consulting Service

An actuarial consulting service for fire and casualty insurers has been opened in St. Louis by David A. Tapley, former associate actuary and actuary of State Farm Mutual Auto. He was with Nationwide Mutual from 1935 to 1948, as actuary after 1945. His new offices are in the Cotton Belt Building.

A Safe Driving Plan for America

A plan for creating a new means of achieving safety on the highways, developed by William P. Henderson, is presented in this and six succeeding issues of THE NATIONAL UNDERWRITER. *Mr. Henderson is president of Henderson Tire Co. of Detroit. He has become familiar to insurance men as the author of a number of articles on auto styling as it relates to insurance rating and losses. His plan for safe driving is not necessarily endorsed by* THE NATIONAL UNDERWRITER, *but is presented as an original means of attacking this important problem. The series began in the April 3 issue.*

The high points of what we have covered so far are:

1. Accident reduction is dependent on improving the driving performance and driving care of our 70 million licensed drivers.
2. Continued mobility at present or improved levels is necessary.
3. Insurance rates are best based on the safe driving ability of the individual.
4. Not everyone is a safe driver.
5. **Permits to use the public highways** can change the thinking of drivers if they are issued on the safe driving ability of the individual.

The first key to this safe driving plan is a method to test or rate drivers according to their ability. It is not possible to relate here all the details of such a method. The author does not have all the knowledge, the skill or the resources to develop it in a workable manner. In the limited space available it would work like this. Permits to use the public highway would be issued as follows:

The applicant would, on appointment, appear with his car at a driving test course. This would be a specially built course perhaps two miles in length that would test 50 driving skills, reactions, abilities, perception, coordinations and careful driving aspects, all of which go to make safe driving performance. Each of these would be tested to various degrees, each degree of proficiency would be electronically and automatically registered which would result in a score from zero to 100. By the way of illustration, the simplest of all driving performance, a right turn, is used as an example.

See sketch at right

A car driving north on A Avenue (4 lane) would be instructed to turn right on B street. To execute this perfectly one would have to enter the right hand lane for 300 feet before the intersection and complete the turn on B street without passing over the center line on B Street. For every six inches the left wheels veer over the imaginary circled line at areas 2 or 3 and especially area 4 the driver would be down-rated. Also crossing over the white line at area 5 on B Street would downgrade the performance.

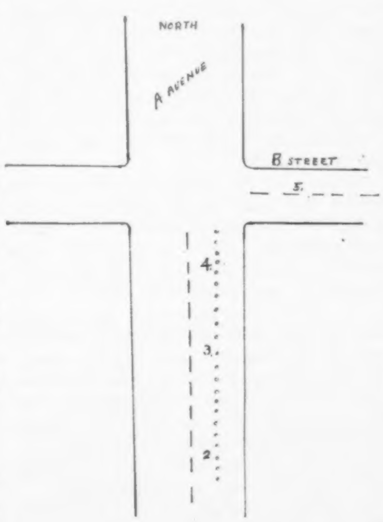
This is the easiest of all driving performances, but think of how many times you have followed a car that veered to the left at area 4 and you were in doubt which way the driver was turning. If you feel you always do it correctly you are wrong because few people slow down to 7 miles per hour which is necessary to perform correctly.

Left turns are more difficult and improper left turns cause some 15% of all accidents. There are at least 11 different kinds of left turns and not one driver in 20 could list them, much less execute them properly.

The test course would not be a trick driving course. It would test most of the normal requirements necessary for today's modern driving. Of equal importance the driving habits which determine a careful driver would be thoroughly explored and tested.

The score would not be dependent upon an observer or any person having to pass judgment. It is exactly the same for everyone. This is necessary because some 80% of all drivers would only accept positive unbiased proof that they were lacking. Electric recording, foolproof and untampered that becomes a permanent record is a must. Restricted permit to use the public highway then becomes possible.

At this point criticism of such test courses are natural. The first one is the cost. The answer is a $5 fee for renewing permits every two to three years. These fees would build and support the program. If you are still in doubt remember we are now spending $9 billion annually as a result of accidents. The criticism that the driver would be alert and on his best behavior on such a test and it would not reflect his true driving performance will be answered in succeeding sections as we explain the use and application of this rating.



Mutual Auto Rates Are Revised In Colo., Wyo.

Mutual Insurance Rating Bureau has revised auto BI & PDL rates for private passenger, and commercial car and division 1 garage risks in Colorado and Wyoming effective April 29. The private passenger revisions result in an average statewide increase in Wyoming of 3% and no change in Colorado. Commercial rates were reduced 10.8% in Colorado and increased 7.2% in Wyoming. Division 1 garage risks were reduced 5% in Colorado and increased 6.9% in Wyoming.

Agency Holds Tenn. FR Seminar

Bennett & Edwards agency of Kingsport, Tenn., conducted a seminar for law enforcement agencies in the area, following amendment of the state's financial responsibility law. Tennessee is the first state to bring its FR law into line with all-industry recommendations made last fall. Judges, safety officials and representatives of the highway patrol and of police departments of neighboring cities attended the seminar.

Tells Of Bureau Safe Driver Plan In Cal.

(CONTINUED FROM PAGE 31)

cident was convicted of a moving traffic violation in connection with the accident and (b) he, or other operator resident in the same household, was not convicted of a moving traffic violation in connection with the accident.

Only one point shall be assigned for an accident which also results in a conviction.

Under the California vehicle code, a plea of guilty or forfeiture of bail is the equivalent of conviction.

The experience period is the three years ending on the date of application.

The number of "driving record points" accumulated during the experience period determines the sub-classification to be applied in accordance with the following table:

Points	Sub-Classification
0	0
1	1
2	2
3	3
4	4
5 or more	5

Tables of master driving record rates have been printed which simplify the determination of the appropriate modified rates. The table is entered using the manual rates for the classification, territory and coverage. The modified rates reflect the following relationships to the present manual rates:

Sub-Classification	Differential
0	.80
1	1.00
2	1.25
3	1.50
4	1.75
5	2.00

If the applicant and all operators of the vehicle resident in the same household have not been licensed for three years, the modified rate shall not be less than the basic or manual rate. Factors for increased limits, and the manual discount for two or more automobiles or for driver training credit are then applied.

When two or more automobiles to which the plan is applicable are insured in the same policy, the points are assigned to the automobile with the highest manual rate. The other automobiles are assigned to class 0.

An application signed by the insured will be required on new and renewal policies during the first year at least. Because of the nature of the information utilized in the rating plan, it will be practicable to make a check through the California department of motor vehicles rather than to have an exchange of information between companies.

A penalty equal to the premium that should have been paid is imposed in addition to the correct premium if a material and wilful misstatement of fact is made by the applicant in furnishing the information required on the application form.

The substantial rate credit of 20% can be allowed, Mr. Cahill explained, because it is expected that only about half of the risks will qualify for it. Another quarter of the risks will be in the "one point" category and will therefore be subject to neither credits nor debits. But the remaining quarter will be subject to debits of 25% to 100%, which will produce enough additional premium dollars to balance out the effect of the 20% credit allowed the truly careful drivers. There is a penalty effect on only a quarter of the risks. There is a substantial punitive effect only where there are three or more accidents or violations. For three points, the surcharge imposed is 50%; for four it is 75%; and for five or more it is 100%. Perhaps one accident or violation is understandable and for this there is no penalty effect as compared with present procedures, but when a risk is involved in more than that in three years of driving this plan measures and rates the likelihood of accidents, and therefore of losses, on the part of that insured.

Experiment In One State

The plan was introduced only in California, Mr. Cahill said, because one state had to be selected in which to experiment on a pilot basis. The use of a number of new features (traffic violations, signed applications, debit as well as credit rating, etc.) made it sound business practice to try it out in one state to see if there are any aspects that need to be changed. Further, this is such a new operation that it would impose a terrific burden on the companies to try to introduce it in a large number of states simultaneously.

California was chosen because automobile insurance rates there are deemed to be adequate, and adequate rates are essential to be able to give the "safe driver" a substantial discount; the completeness of official records of accidents and convictions and their ready availability at nominal charge; in California the plan could be introduced without prior approval of any state supervisory authority and if it becomes necessary to modify it in the light of experience, modifications can be made readily and without delay; and there are more private passenger automobiles in California than in any other state, with a representa-

tive cross section of all types of communities.

The other new approach to merit rating is being taken in Texas, Mr. Cahill observed. The Texas legislature has made it explicitly clear that they hope and expect that a merit rating plan will be introduced in Texas effective Aug. 1. A hearing was held April 9, at which there was extensive discussion of material prepared by the Texas department with respect to a plan patterned in large measure after the Canadian merit rating plan for individual auto risks. That plan would involve a variation in rate depending upon whether the insured had caused automobile losses during an experience period of three years immediately prior to the effective date of the policy. It would apply to automobile liability and collision separately in that a loss under one coverage would not affect the rating of the other. Mr. Cahill said the use of claim experience of that type for rate determination purposes would involve the same problems that militated against success for many of the merit rating plans utilized in other states at one time or another during the past 30 years. The burden involved in the interchange of experience data between companies for the millions of private passenger car risks in Texas would seem to be a serious handicap. After all, the applicant may not know whether he actually caused an automobile liability loss even though he knows that he was involved in an automobile accident. He will not always know whether his company made a payment or established a loss reserve.

Further, since in Texas the department establishes a uniform rate to be used by all companies it is imperative that the plan be on a balanced basis. In view of the fact that some 85% of the total number of risks can be expected to qualify for the preferred rates reflecting a three-year experience period without liability losses, the net credit effect that can be reflected in these rates must be comparatively small because of the inability to balance a large net credit effect through the surcharges that it is practicable to collect on the remaining risks. The latter group would be subject to higher rates either because of having produced automobile losses during the experience period or because they were not licensed for the full three-year period.

Makes Recommendation For Texas

Mr. Cahill said in his opinion it would be preferable for Texas to embark upon the use of a plan patterned more after the characteristics of the bureau's safe driver insurance plan. This would give greater recognition to the elements that point to whether a risk is accident prone or potentially likely to produce accidents. Furthermore, the burden of interchange of experience between companies would be obviated. There is the serious problem, however, that the Texas motor vehicle department is probably not presently geared to supply pertinent information upon request as to the record of individual operators with respect to involvement in accidents or moving traffic violations. The charge for a Texas abstract has been $5. It is 25 cents in California. Even if abstracts could be obtained promptly, any such cost would be unduly burdensome to insurers and the public in trying to apply a merit rating plan.

Bond Underwriters To Hear Cohen On Contract Bonds

Assn. of Bond Underwriters of New York City will hold a special luncheon meeting May 13 to hear Henry A. Cohen, director of the bureau of contracts and accounts of New York state department of public works, discuss aspects of suretyship in state construction contracts.

Travelers Names Adjusters

Travelers has appointed as supervising adjusters Daniel A. Heavren at Hartford, Robert L. Payne at Port Arthur, and James A. Spore at San Diego. Robert V. Terboss becomes district adjuster at Syracuse, and Walter A. Cooper Jr. resident adjuster at Mooresville, S. C.

Pearl Shifts McDermott

Pearl has appointed W. G. McDermott special agent at Dallas. He has been special agent for northeastern Ohio at Cleveland.

Suburban New York Assn. of Insurance Agents, at its annual meeting, elected William Blum, Rockaway Park, president, and Clifford Sahm, Great Neck, vice-president.

Review Pros, Cons Of Deductibles At Buffalo

(CONTINUED FROM PAGE 11)

cure-all, Mr. Preve said. It has disadvantages. He noted that many deductibles are available but not mandatory. The deductible rate has to meet the same standard as the base rate, it has to be reasonable. He wondered if it is reasonable for insured to pay $6 to buy back the $50 deductible EC on $2,000 of dwelling cover and for another insured to pay $44 to buy it back on $15,000 of coverage.

Some 15 insurers use the Chubb & Son deductible plan, he said. But this plan is not yet seasoned to the point where the soundness of the deductibles and credits can be clearly shown. Also, this plan is really a catastrophe cover, not a true deductible. Its appeal is to a minute portion of insured.

Mr. Preve questions the need for any more deductibles except plans such as this which is designed to meet a particular problem. Except for the jumbo and hazardous risks there is no advantage in the deductible.

Companies generally object to deductibles, he said, because they encourage self insurance or self assumption of risk. If insured gets in the habit of paying his own small losses, he will do more and more of it. Then the business can't stop the movement and will lose him as a customer.

Costs Go Up

The deductible increases the relative cost of inspection and rating of larger risks, he added. The deductible lowers income but does not lower the costs. There is no reduction in the insurer's fixed expenses.

If the insurer is not responsible for the small losses, it may not know of rising frequency, which is likely to produce the giant loss.

The deductible is not practical in liability because it turns over to insured the right to judge whether there is liability. The company, however, would still have to adjust these claims.

Mr. Preve said the deductible gives the agents problems, also. It reduces his income without reducing his processing and service costs. The deductible produces client dissatisfaction, so that the agent may lose him. Buyers object to deductibles because they don't get enough credit.

Beyond this, deductibles will not necessarily lower loss ratios. This has been demonstrated with the personal property floater, he said. The loss ratio is 98 with a deductible. Companies are coming to suspect certain types of risk on which deductibles are written, such as fidelity, are no good even with the deductible.

On small personal lines, insured can least afford to pay the deductible. Repairs may not be made, worsening the risk; or insured may have to borrow and pay interest plus financing charges, which greatly increases the "deductible."

The padding of repair bills to overcome the deduction is becoming a serious matter. Here the deductible has aggravated a social problem, he said.

Mr. Lingenmeier summarized the discussion.

Mutual OL&T, Storekeeper Rate Changes In 27 States

Mutual Insurance Rating Bureau has revised BI rates for OL&T and storekeeper's liability in 27 states, effective April 29. The states affected are Alabama, Arizona, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Indiana, Iowa, Maryland Massachusetts, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming.

The specific OL&T liability classifications affected vary by state and involve the classifications applicable to residences, schools, and theaters as well as those applying to such risks as automatic slot and vending machines, bath houses, bathing beaches, skating rinks and swimming pools.

Reliance Raises Riley

Reliance has promoted Daniel D. Riley Jr. to superintendent of casualty underwriting for northern New Jersey at Montclair. He joined the company as a special agent in 1952.

Revise R. I. PHD Rates

National Automobile Underwriters Assn. has revised rates in Rhode Island, effective April 29. Full coverage comprehensive rates for private passenger autos are increased approximately 12%, except in Providence and its suburbs where they remain unchanged.

Private passenger auto collision rates for $50 deductible are increased approximately 3½% in Providence and its suburbs and 8% in the balance of the state. The $100 deductible private passenger is reduced approximately 5% statewide.

Collision rates on commercial autos operating beyond a 50 mile radius are reduced 10%.

Wikler Ends Duties With N. Y. Department

Julius S. Wikler, former New York superintendent who has been serving as consultant to the department without pay, has terminated the arrangement owing to personal commitments. At Gov. Rockfeller's request, Mr. Wikler continued as superintendent until the appointment of Thomas Thacher in January, and since then has been consultant.

In accepting Mr. Wikler's resignation, Gov. Rockefeller thanked him for making the transition from one administration to another easier.

Rockefeller Acts On Three New York Insurance Bills

Gov. Rockefeller has acted on three bills affecting New York insurers. He approved an amendment providing that domestic assessment cooperative firm insurer agents or representatives, appointed after July 1, 1959, and not licensed, shall not be relieved from complying with licensing laws unless they submit to a written examination covering the types of insurance written by their organizations and receive a certificate of successful completion to the satisfaction of the superintendent of insurance.

The governor also approved a bill to extend the meaning of insurance contract to include contract of warranty if made by warrantor who is doing an insurance business. The governor vetoed a bill that would have increased from $5 to $10 the maximum value of articles of merchandise that may be given by insurers, agents and brokers to policyholders as an inducement.

Florida Agents Publish Book on School Safety

Florida Assn. of Insurance Agents has published a comprehensive book on "Basic Facts of School Safety." The booklet is written in non-technical language. Among subjects covered are evacuation of buildings, fire alarm systems and the importance of fire exit drills.

Copies are available from the Florida association, 514 Franklin Street, Tampa 2, at $2, including postage and handling.

Gornto To Local Agency

George E. Gornto has resigned as vice-president of Carolina Casualty, Carolina Home Life, and Ins. Co. of the South, to enter the agency of Mitchell & Gaines, Atlanta, as vice-president.

MacLean Is Aide To President Of Buffalo

Buffalo has appointed John A. MacLean administrative assistant to the president. He has been manager of the midwestern department at Glen Ellyn, Ill. which is being closed. Mr. MacLean will continue to supervise midwest operations from the home office.

John A. MacLean

Before joining Buffalo, he was with National Fire for 17 years. He had underwriting and field experience with that company and was later assigned to its western department where he was, at various times, superintendent of the farm and crop hail division, office manager, personnel director, superintendent of the loss department, general adjuster of all lines, and agency superintendent.

Huntington Is Skipper Of Maryland Mariners

William C. Huntington, Aetna Fire, has been elected skipper of Mariner's Club of Maryland. Others elected are Harry A. Bodenstein, Fireman's Fund, 1st mate; William Becker, Reliance, purser, and William W. Moorhead, Maryland Casualty, yeoman.

O'Brien Joins London As Coast Loss Manager

William J. O'Brien has been appointed claims manager at San Francisco of London Assurance group.

A past president of Casualty & Surety Claims Assn. of San Francisco and Automobile General Adjusters Assn., Mr. O'Brien practiced law until entering insurance in 1935 as an adjuster with Russell J. Thomas. Later he joined Cravens, Dargan & Co. as casualty claim manager. He was with Security of New Haven as manager of the loss department from 1942 until joining London Assurance.

Mass. Snubs Cut Rate Plan

The Massachusetts senate has rejected a bill to permit cut rates for compulsory automobile coverage. Sponsors of the measure said it would promote competition and provide incentives for safe drivers. Opponents claimed that the bill would result in wholesale cancellation of auto policies.

Government Threat Dominates HIA Meet

(CONTINUED FROM PAGE 1)

pen—and soon: (1) The industry will voluntarily do these things, or (2) the industry will be forced to do these things, or (3) the industry will soon be out or substantially out of the health insurance business."

On Wednesday, W. Douglas Bell, former vice-president and general manager for Canada of Paul Revere Life and now managing director of a new health insurance assiociation being formed in Canada, outlined the provincial government hospital plans, their history and effect on the A&S business in Canada.

Dr. Leonard W. Larson, chairman of American Medical Assn., referring to the coming presidential and congressional elections in 1960, warned that members of the medical profession and the A&S industry have only about one year left to demonstrate that private action is preferable to government action in the field of health care for the aged.

Even John W. Hazard, senior editor of Changing Times, warned that because the consumer is not fully informed, he gets lulled into the feeling that he is getting something for nothing, and added that this feeling could lead to continuing pressures for socialized coverage at all ages.

Robert R. Neal, general manager of HIA, in his annual report told what the business was doing to meet the challenge by providing and continuing coverage for the physically impaired risk; by providing hospital and medical expense coverage after retirement, and by determining a satisfactory and generally acceptable solution to the continuance of coverage.

On Monday, a panel moderated by John A., Henry, Continental Casualty, was given over to a discussion of the impact of government on health insurance, during which panelists reviewed legislative developments at both the state and national levels.

Charles B. McCaffrey, professor of the business school of the University of Pennsylvania, outlined the place of disability income coverage in a personal insurance program.

In his speech on Tuesday, Dr. Anthony J. J. Rourke, hospital consultant from New Rochelle, N. Y., explained the significance of the medical profession's hospital accreditation program to health insurance. A health insurance council panel discussed what state committees are doing to establish liaison and improved relationships between physicians and the A&S industry.

Health Insurance Institute, the public relations arm of HIA, took over the Tuesday afternoon session. A report of the public relations committee was given by Chairman H. Clay Johnson, Royal-Globe, and an institute report by James R. Williams, vice-president.

N. C. Bill Would Extend Auto Cancellation Time

A bill has been introduced in North Carolina which would prohibit cancellation of an automobile liability policy until at least 15 days after notice of cancellation is actually received by insured. At present, policies are cancellable 15 days after notice has been mailed.

Mountain Insurance Field Club will hold its monthly meeting May 18 at Manchester Country Club, Manchester, N. H. A class on the storekeeper's liability policy will be presented.

Cal. Safe Driver Auto Plan Goes Into Effect

(CONTINUED FROM PAGE 1)

sured, and, as described by the bureau, the plan "now represents the best that actuarial science and experienced judgment can offer."

As first announced, the safe driver plan provided that a driver could lose his discount as the result of an accident, regardless of fault, while the introduction of a new driver into the household would result in the automatic assignment of a penalty point to the policyholder, adversely effecting his rate over and above any normal change in rate classification.

The changes followed a series of discussions in New York between representatives of California producers organizations and representatives of the National Bureau and National Automobile Underwriters Assn.

Provided Equitable Approach

The bureaus point out that as the plan was originally presented, they felt it provided the most equitable approach insurance ever developed, in that it would allow approximately half of the drivers in California to receive a 20% discount on the regular rate, while another 25% of the drivers would pay no more than they are paying now. However, the changes make the plan even better.

Many suggestions for changes have been studied by the bureaus since the plan was announced, and it is stressed that every consideration has been given to the suggestions, and they have been weighed against the over-all purpose of the plan, which is to make possible a preferred rate for superior drivers of California.

Nearly all of the bureau companies are using the safe driver plan. However, California State Auto Club, a large writer in the state which usually follows bureau rates, will not use it and neither will Fireman's Fund, Allstate, Farmers of Los Angeles, State Farm Mutual, and other nonmembers.

Merchants Fire Has 100% Stock Dividend

Merchants Fire has declared a 100% stock dividend payable June 5 to stockholders of record May 15, subject to the approval of the New York department.

In addition a cash dividend of 30 cents per share was declared payable June 5 to stockholders of record May 15. This is equivalent to 60 cents a share on the shares previously outstanding.

Chicago chapter of Society of Fire Protection Engineers at its May 18 meeting will hear Robert Smith of Minneapolis Honeywell talk on "Flame Safeguard Equipment and Its Use." A demonstration will be given of representative equipment.

Cosmopolitan Ins. Co. of Chicago has purchased the building at 4620 Sheridan Road, which it will occupy as a home office on or about May 15. The company has added liquor liability, OL&T and plate glass to its line of coverages written.

Big Crowd For New York Agents' Meeting

(CONTINUED FROM PAGE 1)

ample, few if any agents really like continuous policies or direct billing. Certainly none likes a five point commission cut in automobile. Yet a 10-point program including these three items will be the subject of a survey to determine the attitude of agents toward the ten items, called "plan for survival." The study group will then publicize the results of the survey and take what action is indicated by it.

Commends National Bureau

In another resolution the agents commended National Bureau for its forward thinking in formulating the California auto liability and collision rating plan and asked that a similar plan be made available in New York. Porter Ellis of Dallas indicated that Texas expects to have the plan by Aug. 1, and he said that other states will have it before year end.

Other resolutions asked the motor vehicle commissioner to study statistics produced by the driver under 25 and make recommendations that would help solve the problem created by this class of drivers, asked the assigned risk plan to increase rates so that this class of risk will pay more of its own way, praised the all-industry institute for safety and its program for combatting highway accidents, and strongly urged support of the Big I ad campaign.

Return Resolution

Agents voted to return to the executive committee a resolution recommending elimination of mysterious disappearance from the personal property floater and homeowners C and to keep it out of the revised homeowners program. The resolution pointed out that the experience on these classes is poor because of the disappearance coverage. Markets in many areas are tight. However, upstate agents said their experience had been good and that the broader coverage is needed to meet competition.

The average commission in New York State is 19.2%, Lawrence F. Smith, NAIA director of research, reported in his presentation of the results of the agency cost survey in the state. This compares with 19.7% in Connecticut. The average profit in New York shown by the study is 1.2% of premiums written, compared with 2% in Connecticut and a 2.1% profit countrywide in 1952.

Have More Brokerage Business

The profit difference is attributed partly to the fact that New York agents have slightly more brokerage business than agents elsewhere in the U. S. The New York agency payment to brokers is 1.2% of premiums, Mr. Smith said, but is .7% in Connecticut. A total of 112 agencies participated in the study, with a production ranging from $10,000 in premiums to $2.5 million.

In one respect the atmosphere of the convention was unchanged. It maintained its tradition of generous hospitality. With the company expense austerity program of recent years, this now is the most "hospitable" agency meeting in the country, not including NAIA's annual. Among companies and organizations maintaining hospitality suites were Continental-National, Aetna Casualty, Agricultural, American Casualty, American, American Surety, Appleton & Cox, Boston, Buffalo, Crum & Forster, Employers Liability, Fidelity & Deposit, General Accident, Glens Falls, Hanover, Hartford Fire, Home, New York Assn. of Independent Adjusters, Marine Office of America, North British, Ohio Farmers, Pacific National, Peerless, Phoenix of Hartford, Phoenix of London, Royal-Globe, Standard Accident, Switzerland General, Travelers, Springfield F.&M., U.S.F.&G., Zurich and Jacquin & Co. Royal-Globe provided the convention coffee breaks, an innovation, and Hanover was host to the ladies for coffee. On hand for Hanover were James H. Vey, Daniel Jordan, Frank Fischer, Daniel Fischer, Richard Buck, John McVetty and Raymond Quinn. Continental-National provided a lawn furniture set. Edward N. Malaney, Joseph Dara, Arthur Wyatt and Robert Harvey represented that group.

Hold Past Presidents' Dinner

A new feature of the program this year was a past presidents' dinner at which Mr. Thorn presided. Mr. Brewer was inducted into the order, named Purple Ducks, slightly ahead of schedule, but appropriately costumed as a newcomer. The cigar and baby bottle full of Burgundy provided the appropriate contrast.

Other past presidents and their wives who attended were Albert C. Deisseroth of Syracuse, Follett L. Greenoe of Rochester, J. A. Neumann of Jamaica, John Rowe of Patchogue, Arthur L. Schwab of Staten Island, and John Stott of Norwich.

George W. Brenneman of Syracuse and his convention committee did his usual superlative job of convention organization.

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Insurance Women of Providence (R. I.) will hold a dinner dance at Admiral Inn, Cumberland, May 21.

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New Orleans Insurance Exchange will hold its annual golf tournament at Lakewood Country Club May 19.

Act On La. And Miss. Bills

The Louisiana department has approved a filing by Government Employees for continuation of its deviations of 25% on auto liability, 30% on auto physical damage, and 20% on comprehensive personal liability, until May 2, 1960.

Filings by National Council on Compensation Insurance were also approved. One provided for a 5% lower rate on non-mechanized bowling alleys, than on "bowling alleys-automatic." Another filing made injured civilian employes of non-appropriated fund instrumentalities of the armed forces eligible for benefits provided by U. S. harbor workers' and longshoremen's compensation act. As a result, a special classification is to be erected and a higher rate assigned.

A filing by Mississippi Rating Bureau to attach an endorsement to the inland marine portion of the comprehensive dwelling policy has been approved. The endorsement excludes water damage to personal property and also pet damage, and revises the language of the mandatory $50 deductible. This filing makes the approved PPF consistent with PPF written with a CDP.

This filing was also made jointly by Mutual Insurance Rating Bureau, National Bureau of Casualty Underwriters, and Inland Marine Insurance Bureau.

Southern Farm Bureau Casualty's application for bureau membership to write fire and allied lines on commercial property at a 20% deviation, has been approved.

General of Seattle has received permission from the Mississippi department to cease writing participating inland marine policies.

Reciprocal, HO Bills Considered In Missouri

JEFFERSON CITY—Gov. Blair is expected to sidestep taking a hand in the efforts of the stock insurance interests of Missouri to obtain passage of bills approved by Superintendent Leggett to bring reciprocals under closer supervision and to compel them to pay the same taxes as now imposed on stock and mutual companies.

Five bills directed at the reciprocals, which have already passed the house, are being held in the senate insurance committee through the efforts of Sen. Keating of Kansas City, whose city is a center for reciprocals. Sen. Keating exercises great influence in the senate.

A direct appeal to Gov. Blair to take a hand in the situation was made by B. G. Gregory, executive secretary Insurance Board of St. Louis, with the approval of the board and its executive committee.

In the meantime the house passed a bill which would create a new office of the division of workmen's compensation in St. Louis County and also a companion bill which authorizes appointment of a referee to head the new office. Both bills have been sent to the senate.

The senate committee substitute for the house bill to permit writing homeowners is believed to have a good chance for passage. If passed and signed by the governor it would becom effective on Aug. 28, 1959. The substitute bill provides that homeowners policies must be submitted to the department for the superintendent's approval or disapproval, and for the establishing a public rating record.

Two other bills believed to have excellent changes of passage by the senate and to become effective Aug. 28 are a measure to prevent farmers' mutuals from writing any automobile business, and the so-called fair trade act.

Sees Real Future For Agency Insurers And Their Products

(CONTINUED FROM PAGE 2)

margin up to that time in history for fire lines, averaging 10.6% and only a moderate loss of .6% for casualty lines. The average profit margin for combined fire and casualty from 1933 to 1935 inclusive was 5%. The only period in history showing an equivalent or better profit margin were the three years ended 1950, when the combined fire and casualty profit margin averaged 6.3%.

During the last four years it might generally be conceded that the American economy has been operating, for the most part, in one of its most prosperous periods. The fire and casualty industry, on the other hand, has found this period as unprofitable as any in its long history. Thus, the observer would note that an upward cycle of profits sets up a counter action for a less profitable cycle; and since fire rates are based on five year underwriting results and casualty rates on three, it is obvious that casualty lines at least were due for rate increases and that, barring the unexpected, the period ahead should be substantially more profitable than the last three or four years.

The outside observer might be inclined to suspect, however, that due to the revolutionary increases in automobile lines, these cycles will be from now on more sharp and more frequent. When the relatively stable fire business predominated, and when the key to experience was the steady decline in the burning ratio, relative stability, if not particularly rapid growth, was the order of the day. With that stability, many old-line companies and their agents became a little easy going. Now that the business has burst open at the seams and, in fact, has become an entirely new business while still using old-school techniques, many companies and their agents have found the going rough on the roller coaster ride up and down the profit cycle.

There are other differences within the business. Predominant among these are distribution methods. There are the agency operations and the direct writers, stock companies and mutuals. It is interesting that mutual and stock company volume percentages remained rather constant over a long period of years.

Business Becoming Behemoth

What about the future?

Those in the securities business tend to recognize the fact that once a trend has become soundly established it tends to continue to run in that direction the great majority of the time, although, of course, it occasionally reverses itself. Injecting that observation into the present discussion, it might be interesting to see what might happen if the present trends were extended into the future.

The first thing readily apparent is the fact that the business is becoming a behemoth. Judging by population trends and by the growth in insurable values due both to the spread of ownership of property and to inflation, it may not be unreasonable to assume that this industry will approach $25 billion in premium volume in the next 10 years. This implies a doubling in present volume, much as a doubling has occurred in the last 10 years. Assuming 20% of this figure will find its way to the producer to pay his expenses, salaries, etc., this means that fire and casualty salesmen may be receiving as much as $5 billion in revenue by 1969. The flexible and aggressive agent should certainly be the leading earner of this $5 billion.

Fewer Companies In Future

If present trends continue, there will be a lot fewer separate companies doing business 10 years from today. This is partly due to the continuing consolidation into single units of the old fleet operation plan companies. The original impetus and early development of fleet operations was to secure additional agency representation and make possible more intensive cultivation of territories than was permitted under agency limitation rules adopted by the industry covering single company operation.

Starting before World War I, certain far-sighted fire companies began to develop casualty subsidiaries, and after years of grief, built up underwriting departments and agency plants equal in excellence to those of the parent company. As a result, these top companies were in an ideal position to take full advantage of changes brought about by the multiple line development. They have been for years the leaders through their group operations in both fire and casualty underwriting. They rank at the top not only in their underwriting staffs, but in their agency plants, which have had much to do with the unquestionable leadership such companies have enjoyed and their relatively better underwriting experience over the years and especially during the past five years.

When in 1944 the Supreme Court

decision held insurance to be commerce, the death knell was sounded to industry agreements on agency appointments. By 1955 all states had enacted legislation to permit multiple underwriting in a single insurer. The present wave of consolidation has gone beyond the absorption into one unit of members of the same fleet. Fire companies are joining hands with casualty companies. Their desire is to balance the cycle of profits of the two-party lines with the cycle of profits of the three-party lines. Furthermore, since the primary function of an insurer is to finely spread the risks over as wide an area as possible and yet have enough concentration in those areas to justify the maintenance of an efficient branch office and service system, companies strong in certain geographical areas are looking for merger with companies strong in areas in which they themselves are weak, and vice versa.

It is possible that should this trend continue at the same pace or at an accelerated rate, in a decade or so only 40 or 50 companies will be servicing most of the fire and casualty mass volume lines. This trend of consolidation already has taken place in practically every other field of American industry, with the major exceptions of banks and utilities, which are generally limited by regulation to certain areas. No such regulation exists for the insurance industry.

All Lines Here To Stay

The trend to full all lines underwriting is already well established: The joining of property and life insurers. At present, eight out of the top 12 fire and casualty companies have life vehicles, and more than 70 such arrangements exist. Clearly, this is no passing fad. For better or for worse, the companies have decided to live with full line operations—and certainly the alert agent is also making that decision today.

What does the entrance of a fire and casualty company into the life business mean to the agent?

It would seem to me that it would be much easier for a fire and casualty agent to sell life than for a life agent to sell fire and casualty. A life policy's nomenclature differs from the fire and casualty policy. But the life policy is really a great deal simpler than fire and casualty. Furthermore, the life business is a low overhead, high return business for the agent.

Teamwork Approach Working

I checked with several fire and casualty companies that have recently acquired life companies, to learn of their experiences. One said they had taken a number of their life agents who happened to be specialists primarily in industrial life and placed them in their fire and casualty agencies. This teamwork approach already has enabled several of the fire and casualty agencies to produce a fair volume of life. Furthermore, fire and casualty agents are ideally suited to create group life sales. Also, the property agent is the representative of insured and is more likely to have his full confidence than is the life salesman, who represents the company. I generally think of the property and liability agent as having a rather professional status in the community, much like a lawyer or a doctor. I expect to see him around town for the next 30 or 40 years. The life agent I generally think of as a young man in a hurry from out of town. (I expect to get my ears pinned back for that remark, but my own life agent answers that description.) At any rate the life field is a rapidly expanding area offering plenty of promise for the alert fire and casualty agent who wants to expand his area of operations.

Let's look at the facts: at present more than 110 million Americans own more than 280 million life policies having a face value in excess of $485 billion. Although it may seem hard to believe that another dollar of life insurance could be sold in the face of these huge totals, it is interesting to note that in 1957 the ratio of premiums to disposable personal income was only a little more than half of the ratio that existed 25 years before.

Charts Leading Companies

Wood, Struthers & Co. has maintained charts on the leading companies for 40 years, and decade by decade it has been constantly brought home that the quality of the underwriting operation epitomized by the quality of the agency force and field man is the prime determinant of the value of insurer stocks.

The primary purpose of purchasing an insurer stock is therefore to buy the underwriting business. The invested assets of an insurer are the product of the underwriting business. They increase through the growth in premium volume and from the compounding of underwriting gains and investment income retained after taxes and dividends. Premium volume growth alone, at the expense of sound underwriting, is of little advantage. Buying an insurer stock solely because of the discount it is selling from the so called liquidating value and because of high current yields is almost always a mistaken policy from the long-term point of view.

Foresees Substantial Earnings

In addition to the top multiple line insurers, there are many very excellent specialty companies that interest stockholders and three or four leading reinsurers. Even in adverse periods such as the recent past, most of these companies have been able to build their assets steadily, and with a return to profitable operations generally, we foresee substantial underwriting earnings for the quality companies.

Generally speaking, when the industry returns to an over-all average profit margin of 2 or 3%, which I think is the most that can be expected in the near future, it is conceivable that the top quality companies will again show profit margins of 5 to 6% or even greater. Of course, when experience turns bad again and the industry operates at substantial losses, generally speaking the top quality companies manage to hold themselves at around the break-even point on the underwriting side.

One other factor that, in a bull market, does have a material effect upon increases in asset value and thus liquidating value per share is the percentage of sound equities to total portfolio holdings. Some of the stronger companies, whose ratio of capital and surplus to total liabilities enables them to hold safely a larger percentage of equities, have benefited by larger than average portfolio appreciation.

Insurance Holds Important Role

The weaker companies whose ratio of policyholders surplus to total liabilities is low are hard put to take their share of the increased business and still keep sound ratios. These companies, in nearly all cases, were forced to go to their stockholders for additional capital and surplus through the issuance of rights during the period immediately following World War II. The strong companies with their strong insurance ratios are able to grow from within through compounded earnings and still maintain sound ratios.

It has been our analysis that over the years the best companies become stronger as compared to their competitors, and that the relative rating of these companies as to underwriting excellence changes little from decade to decade.

It is inconceivable that our modern capitalistic civilization could exist without insurance. Insurance is the basis of all credit and the principal guardian of savings. It not only protects tangible values but, more and more, it safeguards human values. As population, wealth and insurable values steadily increase, the basis of our vast insurance business likewise improves. As the economy grows and becomes more complex, and as the population and wealth continue to increase over decades, I foresee an increasingly important role for the insurance industry and its producers in our economy.